NIAGARA REGION

Quarterly Financial Update

June 2014

Niagara Region

Table of Contents

Introduction	4
Consolidated Funding Surplus/(Deficit) Review	5
Consolidated Statement of Operations	6
Departmental Results	
Governance	8
General Government	10
Corporate Administration	12
Corporate Services	14
Community Services	16
Public Health	18
Planning & Development	20
Public Works - Levy	22
Water and Wastewater	24
Waste Management	26
Economic Development	28
Agencies, Boards and Commissions	30
Reserves/Deferred Revenue Summary	38
Operating Reserve Transfer Reconciliation	42
Capital Reserve Transfer Reconciliation	43
Capital Project Summary	44
Capital Project Detail	45
Capital Project Negative Budget Variances	48
Budget Adjustment Summary	49
Investment Summary	50
Accounts Receivable Aging Report	52
Explanation of Statement of Operations	53

On behalf of Niagara Region, we are pleased to provide you with this mid-year financial update.

Niagara is a culturally rich and historically significant region that offers its residents a mix of urban and rural living within 12 area municipalities. The Region boasts a diverse economy that includes manufacturing, tourism, agriculture and emerging sectors such as new media, green technology and bioscience.

Regional government operations are overseen by Niagara Regional Council which is composed of 30 elected representatives from 12 area municipalities and the Regional Chair. The current Regional Council was elected in October 2010 and the 31 members will serve a four year term to November 30, 2014.

As of June 30, 2014 Niagara Region is forecasting a year end funding surplus of $2.9 million ($0.6 million deficit related to the levy programs and $3.5 million surplus related to rate programs). This surplus represents 0.4 per cent of Niagara Region's 2014 operating budget.

Affordability and sustainability are two key elements of Niagara Region's budget strategy. Achieving a balance between providing the programs and services residents have come to rely upon, ensuring they can afford to pay for them and ensuring that we have money to fund future infrastructure and program needs is critical. We would appreciate your feedback at www.niagararegion.ca.

We hope you will find the information provided in this report of interest and welcome any suggestions for its improvement going forward.

Maurice Lewis

Maurice Lewis, Treasurer, Commissioner of Corporate Services

Readers of this mid-year financial update are cautioned that actual operating results may vary from the forecast information presented. Certain assumptions and estimates are required to forecast results. The assumptions and estimates made have been done so with information available to management at the time of writing this mid-year financial update.

Consolidated Funding Surplus/(Deficit) Review

Description	Levy	Water & Wastewater	Waste Management	Total
Operating Funding Surplus/(Deficit)				
Regional Departments and General Government	$ (753,662)	$ 1,945,602	$ 1,661,332	$ 2,853,272
Boards and Agencies	92,477	-	-	92,477
Operating Funding Surplus/(Deficit)	$ (661,185)	$ 1,945,602	$ 1,661,332	$ 2,945,749
% of total spending	-0.10%	1.77%	3.34%	0.36%
% of levy/rate revenue	0.21%	-1.81%	-4.70%	-0.65%

Comments

The Niagara Region is forecasting an overall funding surplus in 2014. The source of this forecasted surplus are summarized above. Levy supported departments and general government is forecasting a deficit of $753,662. The deficit is a result of a $2.1 million shortfall in payments in lieu of taxes and higher than expected costs for Smarter Niagara Incentive Program which have been partially offset by savings and additional other revenues that have been generated across departments.

$1.7 million of the Taxpayer Relief reserve has been utilized in accordance with budget and will be re-evaluated at year end to determine whether it is still necessary or if it should be repurposed.

Levy supported boards and agencies are forecasting a surplus of $92,477. This surplus is being driven by corporate indirect allocations being forecasted at less than budget.

Water and Wastewater Services surplus of $1,945,602 is due to a combination of personnel vacancies in technical trades and water operators, staff working in dual roles, and a delay in the supervisory training program. As well as, emergency repair funds that have not been expended. Also contributing to the surplus was: the reduction/deferral of consulting services related to ongoing condition assessments, consolidated drawing management and process reviews of plant, linear and remote facilities due to diversion of staff to design the new Niagara-on-the-Lake wastewater treatment plant; the timing of property tax billings at water and wastewater locations; the timing of the Biosolids program as land application was delayed this spring due to wet weather conditions.

Waste Management Services surplus of $1,661,332 is primarily due to savings in purchased services and materials due to reduced expenditures in both the disposal program areas in and in consulting services due to the deferral of the Alternative Technology project. The surplus is also driven by higher recycling processing revenue due to the award for the Waterloo contract which commenced April 4, 2014 and was not included in the 2014 approved budget.

It is recommended that the forecasted funding surplus of $1,945,602 for water and wastewater go to the water and wastewater stabilization reserves and $1,661,332 for waste management be incorporated into the long term capital financing plans for the waste management programs.

Staff will continue to closely monitor revenues and spending in order to minimize any deficits and take corrective action as required or where appropriate. The net levy deficit will be addressed in accordance with the Council approved Surplus/Deficit Policy at year-end. Final allocation of the year end surplus/deficit is subject to approval by Council projected to occur in early 2015.

Notes

The forecasts were derived using assumptions and estimates based on information available to management at the time of writing this quarterly financial update. Readers of this mid-year financial update are cautioned that actual results may vary from the forecast information presented.

It is also important to note that there are certain risks to the above forecast including:

- Legal liability could fluctuate at year end depending on claims status;
- Results of current collective bargaining are unknown;
- Line of sight on supplemental taxes, payments-in-lieu, and assessment appeals are limited as all information for these items are not provided by the local area municipalities until year end. To this extent the forecast for these items remains at budget.

Consolidated - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 360,219,265	$ 179,640,237	$ 178,419,450	$ 1,220,787	181,642,437	$ 360,061,887	$ 157,378
Administrative Expenses	7,479,579	3,848,303	4,164,792	(316,489)	4,097,900	8,262,692	(783,113)
Materials, Supplies & Utilities	46,603,107	23,610,664	23,885,675	(275,011)	24,006,793	47,892,468	(1,289,361)
Repairs & Maintenance	20,007,275	9,840,360	8,303,551	1,536,809	11,283,065	19,586,616	420,659
Purch. Serv. & Other Operating Exp.	126,944,745	64,173,509	60,187,640	3,985,869	68,475,870	128,663,510	(1,718,765)
Social Assistance	106,890,082	53,444,952	48,720,129	4,724,823	52,310,931	101,031,060	5,859,022
Financial Expenditures	53,625,002	21,897,355	21,334,522	562,833	36,536,823	57,871,345	(4,246,343)
Capital Equipment & Renovations	1,721,906	832,825	836,026	(3,201)	1,179,680	2,015,706	(293,800)
Housing Provider Subsidy & Supplements	29,223,771	14,611,884	14,280,544	331,340	14,783,010	29,063,554	160,217
Transfers to Reserves	79,196,746	38,530,749	38,643,201	(112,452)	39,813,721	78,456,922	739,824
Allocations to Capital Program	(2,705,944)	(1,352,967)	(1,196,746)	(156,221)	(1,619,552)	(2,816,298)	110,354
Total Gross Expenditure	**829,205,534**	**409,077,871**	**397,578,784**	**11,499,087**	**432,510,678**	**830,089,462**	**(883,928)**
Revenue							
Taxation - Levy	(328,661,408)	(151,614,318)	(151,996,336)	382,018	(174,937,558)	(326,933,894)	(1,727,514)
Taxation - Rate	(142,567,949)	(71,283,930)	(70,346,266)	(937,664)	(71,781,676)	(142,127,942)	(440,007)
Ontario/Canada Grants	(264,726,010)	(132,342,143)	(128,283,036)	(4,059,107)	(134,530,285)	(262,813,321)	(1,912,689)
Fees & Service Charges	(38,768,171)	(18,553,661)	(18,723,526)	169,865	(19,658,535)	(38,382,061)	(386,110)
Other Revenue	(46,250,687)	(22,237,936)	(26,001,689)	3,763,753	(23,837,684)	(49,839,373)	3,588,686
Transfers from Reserves	(8,231,309)	(5,290,916)	(8,193,018)	2,902,102	(4,745,602)	(12,938,620)	4,707,311
Total Revenue	**(829,205,534)**	**(401,322,904)**	**(403,543,871)**	**2,220,967**	**(429,491,340)**	**(833,035,211)**	**3,829,677**
Net Expenditure/(Revenue)	$ -	$ 7,754,967	$ (5,965,087)	$ 13,720,054	$ 3,019,338	$ (2,945,749)	$ 2,945,749

Consolidated - Statement of Operations (continued)

Variance Analysis

Year-to-date results reflect a number of surpluses that are not being forecasted to remain at year end. Known offsets to the year-to-date surplus are: transfer of additional investment income which is recorded at year end, timing of payments related to Prosperity initiative grant, storm water and drainage payments to municipalities, and contract services delayed due to staff vacancies and cost of replacement pay generally concentrated in the months of July and August. Additionally, the timing of funding flowed to the Region for Homelessness and Seniors Community programs relative to payments made for these programs contributes to the surplus to date.

Administrative Expenses: The unfavourable variance of $783,113 is primarily the result of costs related to the co-hosting of the 2014 Federation of Canadian Municipalities (FCM) conference. These costs are offset by additional revenues recorded in Ontario/Canada Grants and Other Revenue.

Purchased Services & Other Operating Expenditures: The forecasted unfavourable variance of $1,718,765 is primarily driven by additional funding for announced by the Province for Children's Services. As such, the additional funding is forecasted to be fully expended.

Social Assistance: The favourable variance is a result of caseload mix being comprised of a large population of singles and therefore allowances and benefits are lower but are offset by unfavourable Ontario/Canada Grants.

Financial Expenditures: The forecasted unfavourable variance of $4,246,343 is expected due to increased tax increment funding commitments of approximately $1,521,931 as well as other Smart Niagara Incentive grant/loan commitments of $769,988 based on claims expected to be outstanding at yearend. The timing of debt issuance also contributes to the unfavourable variance in the amount of $1,819,102 but if offset with funding from the transfer to reserve/debt charge placeholder.

Ontario/Canada Grants: The unfavourable variance of $1,912,689 is due to lower grants as a result of social assistance caseload mix identified above which is funded, in 2014, at a rate of 88.6%.

Other Revenue: The positive variance of $3,588,686 is partially driven by higher recycling processing revenue due to the award for the Waterloo contract which commenced April 4, 2014. As well as additional investment income earned in the year (see investment report for further details on page 50) and the unbudgeted sale of land on Allendale Road. Also contributing to the positive variance was revenues related to FCM conference that were not included in the budget.

Transfers from Reserves: The favourable transfers from reserves of $4,707,311 is mainly being driven by:

- Transferring 2013 encumbrances of $2.5 million to be used by departments in 2014 per report CSD 14-2014;
- A $1 million transfer from the Improvements Initiative Reserve to fund labour relations costs incurred as part of the corporate reorganization;
- A $2 million transfer from the Smart Growth Reserve to fund the Smarter Niagara Incentive Project;
- Offset by a $0.2 million transfer back to the Contingency Reserve to offset DC industrial grants that are forecasted to be less than budget; and
- Offset by a $0.6 million reduction in the draw from the Social Assistance reserve to reflect the need in the division as mentioned above;

See pages 42 and 43 for a full reconciliation of reserve transfers outside of the 2014 Council approved budget.

Governance - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 2,395,442	$ 1,158,294	$ 1,165,827	$ (7,533)	$ 1,175,785	$ 2,341,612	$ 53,830
Administrative Expenses	232,280	116,076	70,621	45,455	151,577	222,198	10,082
Materials, Supplies & Utilities	51,894	25,926	24,379	1,547	27,605	51,984	(90)
Repairs & Maintenance	550	270	-	270	550	550	-
Purch. Serv. & Other Operating Exp.	292,938	146,460	130,710	15,750	201,646	332,356	(39,418)
Capital Equipment & Renovations	5,072	2,526	105	2,421	4,967	5,072	-
Allocations Between Departments	9,140	4,571	5,018	(447)	4,569	9,587	(447)
Total Gross Expenditure	**2,987,316**	**1,454,123**	**1,396,660**	**57,463**	**1,566,699**	**2,963,359**	**23,957**
Revenue							
Fees & Service Charges	-	-	(2,909)	2,909	(700)	(3,609)	3,609
Other Revenue	(20,000)	(9,996)	(16,444)	6,448	(16,281)	(32,725)	12,725
Transfers from Reserves	(28,000)	(13,998)	(112,798)	98,800	(14,002)	(126,800)	98,800
Total Revenue	**(48,000)**	**(23,994)**	**(132,151)**	**108,157**	**(30,983)**	**(163,134)**	**115,134**
Net Expenditure/(Revenue) before Indirect Allocation	**2,939,316**	**1,430,129**	**1,264,509**	**165,620**	**1,535,716**	**2,800,225**	**139,091**
Indirect Allocation							
Indirect Allocation	554,088	354,863	418,833	(63,970)	203,580	622,413	(68,325)
Debt Allocation	185,220	45,395	41,440	3,955	139,825	181,265	3,955
Total Indirect Allocation	**739,308**	**400,258**	**460,273**	**(60,015)**	**343,405**	**803,678**	**(64,370)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 3,678,624**	**$ 1,830,387**	**$ 1,724,782**	**$ 105,605**	**$ 1,879,121**	**$ 3,603,903**	**$ 74,721**

Governance - Statement of Operations (continued)

Community Impacts & Achievements

This department consists of the Members of Council, the Office of the Regional Chair, the Responsive Region Improvement Team (RRIT), and Clerks Secretariat & Administration.

The Members of Council and the Office of the Regional Chair provide the overall political leadership of the organization.

The RRIT was organized and given the following Council Mandate: Identify a cycle of key program review in areas of high potential return on investment or service improvement to increase value to those we serve including service level, improved efficiency and effectiveness, enhanced metrics, staffing levels and alternative service delivery.

The Clerks Secretariat & Administration supports Regional Council and its Committees enabling effective decision-making based on meaningful public engagement in accordance with legislative requirements, including those relating to transparency and acountability in the governing process.

2014 Significant Programs/Accomplishments:
- Co-hosted the 2014 Federation of Canadian Municipalities (FCM) Annual Conference with City of Niagara Falls;
- Support of the Chief Administrative Officer's office in the consolidation of the business support functions (i.e. finance and performance measurement) and moving towards a ONE TEAM model for the Corporation;
- Implementation of Council's 2012-2015 Business Plan aiming to improve services and reduce costs; improve Niagara's economy, governance and community services;
- Completion/in progess of 19 Lean/Six Sigma process reviews by RRIT;
- Reviewed and implemented Procedural By-law amendments as required and established recommendations for the incoming term of council;
- Awarded the contract for the installation of and have actively been establishing the process for conversion to the "Open Window" project enabling th electronic publication and distribution of reports, agendas minutes etc.; and
- In support of Governance Review, reviewed current committee structure and provided recommendations for discontinuance of some committees and guidelines for further assessment for reference by incoming council.

Variance Analysis

The following factors have contributed to the Governance Department's second quarter variance:

Administrative Expenses: The favourable year-to-date variance of $45,455 relates to the timing of expenses anticipated with the fall election of new council ($27,646) and lower than anticipated Council travel expenses partially the result of the FCM conference taking place in Niagara Falls, as well as timing of expense claims by councillors ($11,922). It is expected that these variance will decrease by year-end.

Purch. Serv. & Other Operating Exp.: The favourable year-to-date variance of $15,750 is primarily the result of the timing of consulting engagements. At year-end this variance is expected to be negative $39,418 as a result of additional consulting engagements however consulting as a whole will run a surplus when offset against corresponding Transfers from Reseves.

Transfers from Reserves: The positive variance of $98,800 relates to a transfer from the Encumbrance Reserve to fund RRIT consulting engagements.

General Government - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ -	$ -	$ 53	$ (53)	$ -	$ 53	$ (53)
Administrative Expenses	500	246	119	127	500	619	(119)
Materials, Supplies & Utilities	2,000	996	46	950	2,000	2,046	(46)
Repairs & Maintenance	56,000	27,996	16	27,980	17,000	17,016	38,984
Purch. Serv. & Other Operating Exp.	5,914,749	2,957,366	2,911,635	45,731	2,931,411	5,843,046	71,703
Financial Expenditures	41,983,715	16,118,055	16,062,047	56,008	30,011,376	46,073,423	(4,089,708)
Transfers to Reserves	28,434,850	10,758,458	10,758,458	-	16,824,116	27,582,574	852,276
Allocations Between Departments	-	-	49	(49)	-	49	(49)
Total Gross Expenditure	**76,391,814**	**29,863,117**	**29,732,423**	**130,694**	**49,786,403**	**79,518,826**	**(3,127,012)**
Revenue							
Taxation - Levy	(328,661,408)	(151,614,318)	(151,996,337)	382,019	(174,937,558)	(326,933,895)	(1,727,513)
Fees & Service Charges	-	-	(4,074)	4,074	-	(4,074)	4,074
Other Revenue	(12,859,795)	(5,526,879)	(7,379,591)	1,852,712	(6,969,412)	(14,349,003)	1,489,208
Transfers from Reserves	(3,330,225)	(2,581,924)	(2,581,924)	-	(2,553,522)	(5,135,446)	1,805,221
Total Revenue	**(344,851,428)**	**(159,723,121)**	**(161,961,926)**	**2,238,805**	**(184,460,492)**	**(346,422,418)**	**1,570,990**
Net Expenditure/(Revenue) before Indirect Allocation	**(268,459,614)**	**(129,860,004)**	**(132,229,503)**	**2,369,499**	**(134,674,089)**	**(266,903,592)**	**(1,556,022)**
Indirect Allocation							
Indirect Allocation	(17)	25	174	(149)	(42)	132	(149)
Capital Financing Allocation	(48,793,266)	(14,068,601)	(14,077,170)	8,569	(34,716,096)	(48,793,266)	-
Total Indirect Allocation	**(48,793,283)**	**(14,068,576)**	**(14,076,996)**	**8,420**	**(34,716,138)**	**(48,793,134)**	**(149)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ (317,252,897)**	**$ (143,928,580)**	**$ (146,306,499)**	**$ 2,377,919**	**$ (169,390,227)**	**$ (315,696,726)**	**$ (1,556,171)**

General Government - Statement of Operations (continued)

Community Impacts & Achievements

General Government includes:

- Net Levy Taxation Revenue: The Region has the responsibility to fund costs associated with Property Assessment Services which are provided by the Municipal Property Assessment Corporation (MPAC);
- Investment Income: The Region owns and earns income on investments held with different institutions (see investment report on page 50 for further details);
- Economic Incentives and other support: The Region contributes funding to the Niagara Health System's New Cancer Centre as well as grants related to development charges, the Pan Am games, the Youth Retention Program, Niagara 1812 Bi-centennial and the Smarter Niagara Incentive Project; and
- Capital Financing: The Region funds its capital programs through multiple financing sources such as capital levy reserve contributions and debt charges.

The risks associated in General Government include:

- Legal liabilities that could fluctuate at year-end depending on claims status
- Line of sight on write-offs and supplemental taxes is limited as it is not provided by the local area municipalities until year-end.

Variance Analysis

The following factors have contributed to General Government's second quarter variance:

Financial Expenditures: The forecasted unfavourable variance of $4,089,708 is expected due to increased tax increment funding commitments of approximately $1,521,931 as well as other grant/loan commitments of $769,988 based on claims expected to be outstanding at yearend. The timing of debit issuance is also expected to contribute to the unfavourable variance in the amount of $1,819,102.

Other Revenue: Additional investment income earned in the year (see investment report for further details on page 50) and the unbudgeted sale of land on Allendale Road have contributed to a year to date favourable variance of $1,852,712.

Transfer from Reserves: The forecasted favourable variance of $1,805,221 is forecasted to occur mainly as a result of the Smarter Niagara Incentive Project being funded by the Smart Growth reserve.

Corporate Administration - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 9,975,023	$ 5,847,246	$ 6,810,920	$ (963,674)	$ 4,376,607	$ 11,187,527	$ (1,212,504)
Administrative Expenses	387,977	229,233	890,018	(660,785)	173,897	1,063,915	(675,938)
Materials, Supplies & Utilities	316,590	158,220	159,175	(955)	149,982	309,157	7,433
Repairs & Maintenance	77,800	38,898	43,429	(4,531)	46,000	89,429	(11,629)
Purch. Serv. & Other Operating Exp.	1,275,431	637,781	624,838	12,943	663,404	1,288,242	(12,811)
Financial Expenditures	-	-	-	-	-	-	-
Capital Equipment & Renovations	21,282	10,620	1,556	9,064	18,602	20,158	1,124
Allocations Between Departments	(401,631)	(216,374)	(224,404)	8,030	(169,038)	(393,442)	(8,189)
Allocations to Capital Program	-	-	-	-	-	-	-
Total Gross Expenditure	**11,652,472**	**6,705,824**	**8,305,532**	**(1,599,908)**	**5,259,454**	**13,564,986**	**(1,912,514)**
Revenue							
Ontario/Canada Grants	-	-	(100,000)	100,000	-	(100,000)	100,000
Fees & Service Charges	(2,500)	(1,248)	(4,696)	3,448	(2,246)	(6,942)	4,442
Other Revenue	(151,088)	(75,522)	(647,106)	571,584	(80,000)	(727,106)	576,018
Transfers from Reserves	(291,850)	(145,914)	(1,145,920)	1,000,006	(145,936)	(1,291,856)	1,000,006
Total Revenue	**(445,438)**	**(222,684)**	**(1,897,722)**	**1,675,038**	**(228,182)**	**(2,125,904)**	**1,680,466**
Net Expenditure/(Revenue) before Indirect Allocation	**11,207,034**	**6,482,940**	**6,407,810**	**75,130**	**5,031,272**	**11,439,082**	**(232,048)**
Indirect Allocation							
Indirect Allocation	(8,539,526)	(4,997,374)	(4,930,953)	(66,421)	(3,883,937)	(8,814,890)	275,364
Capital Financing Allocation	98,415	21,500	20,821	679	76,915	97,736	679
Total Indirect Allocation	**(8,441,111)**	**(4,975,874)**	**(4,910,132)**	**(65,742)**	**(3,807,022)**	**(8,717,154)**	**276,043**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 2,765,923**	**$ 1,507,066**	**$ 1,497,678**	**$ 9,388**	**$ 1,224,250**	**$ 2,721,928**	**$ 43,995**

Corporate Administration - Statement of Operations (continued)

Community Impacts & Achievements

Corporate Administration includes the Chief Administrative Officer's Office, Corporate Records, Corporate Memberships, Organizational Performance & Accountability, Corporate Print & Mail Services, Corporate Communications, Human Resources who's main focus in 2014 has been the general oversite for consolidation of business support functions (i.e. finance and performance measurement) and moving towards a ONE TEAM model for the corporation.

Q2 Project Update/Accomplishments:
- Transit public engagement: gathered opinions from 3,800 residents;
- Completed Imagine Niagara project engaging over 3,500 residents;
- Supported the Federation of Canadian Municipalities (FCM) conference through signage, media relations, and event planning;
- Compliance with Bill 160 legislation re new mandatory workplace health and safety training standards;
- Processing of ONA 9 arbitration award;

Variance Analysis

The following factors have contributed to Corporate Administration's second quarter variance:

Personnel Costs: The unfavourable variances of $963,674 year-to-date and $1,212,504 forecasted primarily relate to the centralization of Labour Relations costs under Human Resources to consistently track and fund severed employee costs for greater transparency and reporting.

Administrative Expenses: The unfavourable variances of $660,785 year-to-date and $675,938 forecasted are the result of the FCM conference costs which are offset by the favourable variance in Ontario/Canada Grants and Other Revenue.

Ontario/Canada Grants: The favourable variances of $100,000 for both year-to-date and forecasted are the result of funding received from the Province for the FCM conference, which offsets overage in Administrative Expenses.

Other Revenue: The favourable variances of $571,584 year-to-date and $576,018 forecasted are primarily the result of revenues related to FCM conference, which offsets overage in Administrative Expenses.

Vacancy Management

The department continues to recruit for vacant positions and when necessary strategically defer those recuits to manage the available budgets. A couple of the positions being recruited for are: Information Management Coordinator; and Director, People Services and Organizational Development.

Corporate Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 15,506,787	$ 7,705,610	$ 7,566,898	$ 138,712	$ 7,749,731	$ 15,316,629	$ 190,158
Administrative Expenses	435,056	230,441	153,984	76,457	207,281	361,265	73,791
Materials, Supplies & Utilities	2,028,011	1,008,998	840,363	168,635	1,096,431	1,936,794	91,217
Repairs & Maintenance	2,124,039	1,061,910	807,924	253,986	1,269,679	2,077,603	46,436
Purch. Serv. & Other Operating Exp.	6,622,253	3,308,317	3,408,927	(100,610)	3,238,639	6,647,566	(25,313)
Financial Expenditures	213,688	106,830	101,781	5,049	111,779	213,560	128
Capital Equipment & Renovations	27,943	14,939	15,985	(1,046)	13,344	29,329	(1,386)
Allocations Between Departments	(1,808,674)	(900,818)	(877,509)	(23,309)	(922,275)	(1,799,784)	(8,890)
Allocations to Capital Program	(838,045)	(419,025)	(336,867)	(82,158)	(350,424)	(687,291)	(150,754)
Total Gross Expenditure	**24,311,058**	**12,117,202**	**11,681,486**	**435,716**	**12,414,185**	**24,095,671**	**215,387**
Revenue							
Ontario/Canada Grants	(35,155)	(17,574)	(17,574)	-	(17,581)	(35,155)	-
Fees & Service Charges	(90,000)	(44,994)	(17,654)	(27,340)	(20,454)	(38,108)	(51,892)
Other Revenue	(437,635)	(218,808)	(264,928)	46,120	(200,500)	(465,428)	27,793
Transfers from Reserves	(101,365)	(50,676)	(50,676)	-	(50,689)	(101,365)	-
Total Revenue	**(664,155)**	**(332,052)**	**(350,832)**	**18,780**	**(289,224)**	**(640,056)**	**(24,099)**
Net Expenditure/(Revenue) before Indirect Allocation	**23,646,903**	**11,785,150**	**11,330,654**	**454,496**	**12,124,961**	**23,455,615**	**191,288**
Indirect Allocation							
Indirect Allocation	(23,646,903)	(11,785,150)	(11,330,654)	(454,496)	(12,124,961)	(23,455,615)	(191,288)
Capital Financing Allocation	-	-	-	-	-	-	-
Total Indirect Allocation	**(23,646,903)**	**(11,785,150)**	**(11,330,654)**	**(454,496)**	**(12,124,961)**	**(23,455,615)**	**(191,288)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Corporate Services - Statement of Operations (continued)

Community Impacts & Achievements

Corporate Services includes IT Solutions, Financial Management & Planning, Financial Management System Implementation, Legal Services, Properties Management and Administration who's main focus in 2014 has been the general oversite for consolidation of business support functions (i.e. finance and performance measurement) and moving towards a ONE TEAM model for the corporation.

Q2 Project Update/Accomplishments:
- Approval for the commencement of the design/construction of the new Data Centre;
- Enhanced Financial Management Services project: in May of 2014 received approval to purchase PeopleSoft Financials from Oracle Corporation and contract with Deloitte Canada to provide Implementation support services and acquire technology and services to undertake the project and initial capital budget funding;
- staff initiated a review of the procurement process and bylaw, providing Council with an overview at the July 10, 2014 Committee of the Whole meeting;
- 2015 Budget process was initiated at the beginning of April with the goal to present to Council at the end of Q3;
- Legal Planning Matters: Amendment 2-2009 approved by Ontario Municipal Board;
- Commencement of constructing new ambulance station at Regional headquarters and relocation to new leased ambulance fleet centre in Niagara on the Lake;
- Completion of new Council Chambers in February; and
- Continued construction of new police headquarters in Niagara Falls.

Variance Analysis

The following factors have contributed to Corporate Services second quarter variance with the majority of the year-to-date surplus coming from the Properties Management Division:

Materials, Supplies & Utilities: The favourable year-to-date variance of $168,635 is primarily driven by the the timing of rate increases in utility costs. Electricity rates were expected to increase 33% to offset the Province's decision to cancel the gas plants construction contracts. In addition, gas prices were expected to increase by 40% effective May 1st. The impact of these increases is expected to be felt in the latter part of the year.

Repairs & Maintenance: The favourable year-to-date variance of $253,986 is primarily driven by the timing of repairs & maintenance impacted by weather. Repairs & maintenance spending is expected to increase in the latter half of the year.

Allocations to Capital Program: The unfavourable variances of $82,158 year-to-date and $150,754 year-to-go are the result of newer staff spending time on broad program development. This reduces the time that can be recovered from specific capital projects and is expected to continue throughout the year.

Fees & Service Charges: The unfavourable variances of $27,340 year-to-date and $51,892 year-to-go are the result of a duplication of Shared Services Revenue budgeted in 2014 as well as the Region's inability to provide additional legal assistance to local area municipalities due to internal resource constraints, which is expected to continue into 2015.

Other Revenue: The favourable variance of $46,120 is partially a result of Court Administration Management System annual invoices for support services that were issued and recognized in January rather than being spread over the entire year. Also contributing to this favourable variance were recovered legal costs where the Region has won litigation matters and the opposite party has been ordered to reimburse the Region for some of the legal costs it incurred.

Vacancy Management

The department successfully completed a number of high-level recruitments in the first quarter of the year, two of those hires were the Chief Information Officer and Director of Financial Management & Planning/Deputy Treasurer. The department continues to recruit for vacant positions and when necessary strategically defer those recuits to manage the available budgets. A few of the more high-level positions being recruited for at this are: Director of Procurement and Strategic Acquisitions; Director of Financial Management System Implementation; and Associate Director of Consulting and Analysis.

Community Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 88,288,856	$ 43,850,834	$ 43,735,272	$ 115,562	$ 44,529,262	$ 88,264,534	$ 24,322
Administrative Expenses	1,050,448	561,439	611,615	(50,176)	512,299	1,123,914	(73,466)
Materials, Supplies & Utilities	7,568,622	3,622,937	3,584,723	38,214	4,145,682	7,730,405	(161,783)
Repairs & Maintenance	1,023,021	485,792	359,895	125,897	693,246	1,053,141	(30,120)
Purch. Serv. & Other Operating Exp.	39,488,484	19,919,176	19,181,662	737,514	22,567,155	41,748,817	(2,260,333)
Social Assistance	106,890,082	53,444,952	48,720,130	4,724,822	52,310,931	101,031,061	5,859,021
Financial Expenditures	32,905	16,428	11,437	4,991	14,763	26,200	6,705
Capital Equipment & Renovations	469,771	205,336	179,234	26,102	277,741	456,975	12,796
Housing Provider Subsidy & Supplements	-	-	79	(79)	-	79	(79)
Transfers to Reserves	396,025	198,006	310,458	(112,452)	198,019	508,477	(112,452)
Allocations Between Departments	914,449	470,167	469,712	455	457,623	927,335	(12,886)
Total Gross Expenditure	**246,122,663**	**122,775,067**	**117,164,217**	**5,610,850**	**125,706,721**	**242,870,938**	**3,251,726**
Revenue							
Ontario/Canada Grants	(189,268,734)	(94,667,734)	(90,884,502)	(3,783,232)	(95,664,476)	(186,548,978)	(2,719,756)
Fees & Service Charges	(23,243,915)	(11,621,814)	(11,918,464)	296,650	(11,391,980)	(23,310,444)	66,529
Other Revenue	(308,780)	(154,356)	(332,628)	178,272	(201,790)	(534,418)	225,638
Transfers from Reserves	(1,261,904)	(630,946)	-	(630,946)	(630,946)	(630,946)	(630,958)
Total Revenue	**(214,083,333)**	**(107,074,850)**	**(103,135,594)**	**(3,939,256)**	**(107,889,192)**	**(211,024,786)**	**(3,058,547)**
Net Expenditure/(Revenue) before Indirect Allocation	**32,039,330**	**15,700,217**	**14,028,623**	**1,671,594**	**17,817,529**	**31,846,152**	**193,179**
Indirect Allocation							
Indirect Allocation	8,228,853	4,315,582	4,172,258	143,324	4,064,130	8,236,388	(7,535)
Capital Financing Allocation	3,741,787	890,263	893,777	(3,514)	2,851,524	3,745,301	(3,514)
Total Indirect Allocation	**11,970,640**	**5,205,845**	**5,066,035**	**139,810**	**6,915,654**	**11,981,689**	**(11,049)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 44,009,970**	**$ 20,906,062**	**$ 19,094,658**	**$ 1,811,404**	**$ 24,733,183**	**$ 43,827,841**	**$ 182,130**

Community Services - Statement of Operations (continued)

Community Impacts & Achievements

Social Assistance and Employment Opportunities (SAEO)

- Significant amounts of work and dedicated training have been completed at all staffing levels in the lead up to the new Social Assistance Management System (SAMS), being implemented in November 2014;
- Assisted local call centre with the recruitment of 410 new employees (68 from the Ontario Works (OW) program) and continue to actively recruit for the company;
- Partnered with Children's Services to implement an integrated intake model system for young parents in the Learning, Earning and Parenting program (LEAP), resulting in reduced wait times for childcare and enhanced customer service for young parents;
- Presented with a Leaders in Literacy Community partner award for our work with Literacy Link Niagara (LLN). LLN staff work on site at SAEO offices to assess and refer clients to a range of local adult basic education and skills training programs with many options to achieve basic skills and ongoing lifelong learning. During the past five years, more than 800 SAEO clients have received referral assessments and many of those have entered adult literacy or upgrading programs in the Niagara Region; and
- Crucial Conversations/Accountabilities Training provided to management staff which builds on boundary theory and the work in SAEO to promote customer service culture. The two-day training event has been embraced by all Community Services divisions, and also corporately as HR is now building into training for all staff.

Children Services

- No Waitlist: Children's Services continues to enable parents to work, go to school or train while providing necessary child care fee subsidies without the need for a waitlist;
- iPad project: Children's Services, in partnership with Brock University and the Early Childhood Community Development Centre launched a pilot project in February using iPads in 30 licensed child care centres. The iPad pilot project will look at the benefits of using an iPad as a teaching support tool by RECEs; and
- Coordinated Approach To Child Health (CATCH): After a review of best and promising practices, Children's Services identified the preschool CATCH program as a promising tool to support Niagara Registered Early Childhood Educators with innovative health education information and approaches in four areas; physical activity, seed to table (gardening), nutrition, and music and movement and organized a pilot project running from February 2014 until April 2014. The overall conclusion was the pilot was a success and Children's Services will continue to implement the program over a number of years, with staff providing feedback based on their learning to inform future phases.

Homelessness, Program Compliance & Community Engagement

- Homelessness services request for proposal resulted in the funding of 20 agencies for 29 programs, for the period June 1, 2014 to December 31, 2016; and
- 659 Households received assistance from the Niagara Emergency Energy Fund in Q1 (303) and Q2 (356).

Senior Services

In response to the Responsive Region Improvement Team's efficiency studies, the following projects are currently underway for 2014:

- The decentralization of the laundry in the homes is moving forward, with several key steps either underway or completed in anticipation of the full conversion to decentralized laundry by mid-October, including: a bulk linen pilot project was completed at Northland to identify issues related to capacity and equipment; an inventory of the homes' equipment has been completed to ensure that all laundry staff is working with the same equipment across all homes to ensure that the equipment supports best practice and meets health and safety standards; and positions from central laundry that will be reallocated have been posted and the staff that will be impacted have been notified.
- Scanning of invoices to expedite movement of information between the homes and the finance department to ensure timely processing of invoices.
- Senior Services is continuing to work with Human Resources to improve the use of Kronos for scheduling of staff in the homes.

Variance Analysis

The following factors have contributed to the Community Services Department second quarter variance:

Purch. Serv. & Other Operating Exp.: The favourable variance of $737,514 is primarily due to timing of contractual services with regard to cashflow.

Social Assistance: The favourable variances of $4,724,822 year-to-date and $5,859,021 year-to-go are directly related to the Ontario Works caseloads and changing demands for allowances and benefits based on case mix. Expenditures fluctuate based on client participation in employment programs and demand for specific benefits.

Transfers to Reserves: The favourable variance of $112,452 relates to an unbudgeted transfer to the capital levy reserve equal to the amount of capital construction funding from the Ministry of Health being received for Deer Park Villa.

Ontario/Canada Grants: Revenue associated with cost shared benefits is below budget which is consistent with allowances and benefit expenditures included in the Social Assistance object of expenditure line item. As a result, there are unfavourable variances of $3,783,232 year-to-date and $2,719,756 year-to-go.

Other Revenue: The favourable variances of $178,272 year-to-date and $225,638 year-to-go are a result of unbudgeted funding opportunities through the Ministry of Education, Ministry of Children and Youth Services and Business Education Council, vendor rebates, and union billings for employees' time spent on union business that was not budgeted for 2014.

Vacancy Management

Community Services continues to work with Human Resources to fill all vacancies as they arise due to the continued volume of work as a result of the high needs and demand for services in the current economic climate.

Public Health - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 62,970,148	$ 31,682,644	$ 31,848,455	$ (165,811)	$ 31,688,525	$ 63,536,960	$ (566,832)
Administrative Expenses	1,299,768	668,616	679,207	(10,591)	710,097	1,389,304	(89,536)
Materials, Supplies & Utilities	3,028,144	1,514,566	1,415,152	99,414	1,686,480	3,101,632	(73,488)
Repairs & Maintenance	731,596	365,778	316,627	49,151	374,186	690,813	40,783
Purch. Serv. & Other Operating Exp.	3,712,972	1,842,790	1,797,665	45,125	2,156,813	3,954,478	(241,506)
Capital Equipment & Renovations	367,758	184,494	391,684	(207,190)	275,364	667,048	(299,290)
Transfers to Reserves	1,192,560	596,280	596,280	-	596,280	1,192,560	-
Allocations Between Departments	1,151,263	575,745	589,316	(13,571)	575,518	1,164,834	(13,571)
Total Gross Expenditure	**74,454,209**	**37,430,913**	**37,634,386**	**(203,473)**	**38,063,262**	**75,697,648**	**(1,243,439)**
Revenue							
Ontario/Canada Grants	(53,109,003)	(26,510,724)	(26,481,890)	(28,834)	(27,479,436)	(53,961,326)	852,323
Fees & Service Charges	(399,754)	(199,743)	(179,457)	(20,286)	(180,308)	(359,765)	(39,989)
Other Revenue	(276,871)	(154,198)	(408,361)	254,163	(138,007)	(546,368)	269,497
Transfers from Reserves	(171,578)	(94,272)	(362,640)	268,368	(77,306)	(439,946)	268,368
Total Revenue	**(53,957,206)**	**(26,958,937)**	**(27,432,348)**	**473,411**	**(27,875,057)**	**(55,307,405)**	**1,350,199**
Net Expenditure/(Revenue) before Indirect Allocation	**20,497,003**	**10,471,976**	**10,202,038**	**269,938**	**10,188,205**	**20,390,243**	**106,760**
Indirect Allocation							
Indirect Allocation	7,279,331	3,908,630	3,801,651	106,979	3,487,215	7,288,866	(9,535)
Capital Financing Allocation	3,147,417	614,197	581,098	33,099	2,533,220	3,114,318	33,099
Total Indirect Allocation	**10,426,748**	**4,522,827**	**4,382,749**	**140,078**	**6,020,435**	**10,403,184**	**23,564**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 30,923,751**	**$ 14,994,803**	**$ 14,584,787**	**$ 410,016**	**$ 16,208,640**	**$ 30,793,427**	**$ 130,324**

Public Health - Statement of Operations (continued)

Community Impacts & Achievements

Q2 Project Update/Accomplishments:

- Well Baby Clinics launched;
- M+B 2B APP launched;
- Working with the tanning bed industry to achieve compliance with the new provincial legislation in this area;
- A Food Safety in the Home campaign (including the use of social media) is underway;
- Additional public disclosure webpages have been launched for public swimming pools and personal service settings (e.g. tattoo parlours, beauty salons);
- Implementation of the Video DOT (Direct Observational Treatment) for Tuberculosis through the use of telemedicine equipment;
- Asked again by the province to be a key Public Health leader in the provincial Panorama initiative, anticipating enhanced one-time funding again for 2014/15;
- Expanded implementation of the EMR (electronic medical record system) to the Travel Clinic service;
- Hiring and implementing Early Psychosis Intervention (EPI) service expansion;
- Implementation of Smoke Free Outdoor Spaces Bylaw;
- Sustainability of CASTLE project related to cancer screening with vulnerable groups;
- EMS continued to reduce offload times in the hospitals thereby reinvesting these hours back into service "on the streets" ;
- EMS completed deployment of new stretcher systems with excellent immediate feedback as part of the "road to zero" injuries program.
- Purchased a Case Commander System for the fire coordinator which will help to improve accountability of personnel at incidents involving multi-agency response;
- Additional funding from ROC was received to complete a study on outcomes for out of hospital cardiac arrest; and
- The offload nurse program has continued to assist in the reduction of transfer of care times in the local emergency departments.

Variance Analysis

The following factors have contributed to Public Health's second quarter variance:

Personnel Costs: The unfavourable variances of $165,811 year-to-date and $566,832 forecasted are primarily due to the increased overtime associated with shift overrun, upstaffing, and sick and WSIB incidents in the Emergency Services Division.

Administrative Expenses: The forecasted unfavourable variance of $89,536 is driven by the lack of funding for the Healthy Babies Healthy Children program for other operating expenditures, specifically mileage costs. The variance will continue to year end and be offset by funding surpluses in the mandatory programs.

Purch. Serv. & Other Operating Exp.: The unfavourable forecasted variance of $241,506 is primarily due to the continuation of the Offload Nurse Program though no funding for the fiscal 2014/15 has yet been announced so no budget adjustment has yet been completed. It is anticipated that the funding for the balance of the year will be similar to the funding received for the first quarter of 2014.

Capital Equipment & Renovations: The unfavourable variances of $207,190 year-to-date and $299,290 forecasted are primarily the result of leasehold improvements and furniture purchases for the EMS fleet centre. These leasehold and furniture purchases are offset by the positve variance in Transfers from Reserves noted below.

Ontario/Canada Grants: The favourable forecasted variance of $852,324 is the result of unbudget Physician Services Agreement payments ($243,685), one-time funding related to the Panorama project ($225,000), and unbudgeted Offload Nurse funding ($562,237), offsetting these favourable variances are unfavourable variaces in other Public Health divisions.

Other Revenue: The favourable variances of $254,163 year-to-date and $269,497 forecasted are the result of one time unbudgeted program grant from the Registered Nurses Association of Ontario, secondment revenue for a nurse working for the ministry, and the recognition of deferred revenues in the Omega and ROC programs from 2013.

Transfers from Reserves: The favourable variance of $268,368 is primarily driven by a $218,140 transfer related to a 2013 encumbrance for the EMS fleet centre's leasehold improvements.

Vacancy Management

Public Health continues to work with Human Resources to fill all vacancies as they arise due to the continued volume of work as a result of the high needs and demand for services.

Planning & Development - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 3,414,108	$ 1,727,990	$ 1,715,697	$ 12,293	$ 1,698,411	$ 3,414,108	$ -
Administrative Expenses	110,258	55,011	45,106	9,905	64,444	109,550	708
Materials, Supplies & Utilities	22,900	11,394	11,557	(163)	11,343	22,900	-
Repairs & Maintenance	2,000	984	471	513	1,529	2,000	-
Purch. Serv. & Other Operating Exp.	561,696	278,295	268,149	10,146	628,821	896,970	(335,274)
Financial Expenditures	502,599	60,000	61,457	(1,457)	578,642	640,099	(137,500)
Capital Equipment & Renovations	16,650	8,304	147	8,157	11,790	11,937	4,713
Allocations Between Departments	(939,401)	(469,696)	(468,003)	(1,693)	(469,706)	(937,709)	(1,692)
Allocations to Capital Program	-	-	-	-	-	-	-
Total Gross Expenditure	**3,690,810**	**1,672,282**	**1,634,581**	**37,701**	**2,525,274**	**4,159,855**	**(469,045)**
Revenue							
Ontario/Canada Grants	-	-	(7,500)	7,500	7,500	-	-
Fees & Service Charges	(856,100)	(428,004)	(330,227)	(97,777)	(525,873)	(856,100)	-
Other Revenue	(12,500)	(6,246)	(4,179)	(2,067)	(8,321)	(12,500)	-
Transfers from Reserves	(179,222)	(89,610)	(555,042)	465,432	(89,612)	(644,654)	465,432
Total Revenue	**(1,047,822)**	**(523,860)**	**(896,948)**	**373,088**	**(616,306)**	**(1,513,254)**	**465,432**
Net Expenditure/(Revenue) before Indirect Allocation	**2,642,988**	**1,148,422**	**737,633**	**410,789**	**1,908,968**	**2,646,601**	**(3,613)**
Indirect Allocation							
Indirect Allocation	1,025,550	615,986	563,578	52,408	419,046	982,624	42,926
Capital Financing Allocation	611,444	158,872	125,211	33,661	452,572	577,783	33,661
Total Indirect Allocation	**1,636,994**	**774,858**	**688,789**	**86,069**	**871,618**	**1,560,407**	**76,587**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 4,279,982**	**$ 1,923,280**	**$ 1,426,422**	**$ 496,858**	**$ 2,780,586**	**$ 4,207,008**	**$ 72,974**

Planning & Development - Statement of Operations (continued)

Community Impacts & Achievements

Department Overview: Planning & Development provides land use planning, growth management policy and implementation services, capacity planning, water and wastewater master planning, complex development engineering, legal agreements for development and growth infrastructure planning to the local area municipalities, Niagara Peninsula Conservation Authority (NPCA), development industry and other regional departments. The department also provides Part 8 of the Ontario Building Code (regulation of outside sewage system) services to 9 of the 12 local area municipalities through agreements, development planning and engineering, pre-consultation and application review, in cooperation with Local Area Municipalities (LAM's), the development industry, other agencies and regional departments.

2014 Significant Programs:
- Imagine Niagara (5 year review of the Regional Official Plan and related Amendments);
- Niagara Economic Gateway Zone and Centre and Smarter Niagara Incentives Programs; and
- Local Official Plan Review and Approval.
- Significant increase in pre-consultation (66% increase 2013 Q2 to 2014 Q2); and
- 10% increase in application volume 2013 Q2 to 2014 Q2.

Q2 Project Update / Accomplishments:
- consistently meeting our target of bringing local Official Plans to Regional Council for approval within 180 days. Average processing time remains constant at 115 days;
- continue to manage the Smarter Niagara Incentive Program (SNIP) and Tax Increment Grant Program (TIGP) - in Q1/Q2 the region committed to 13 SNIP projects in 4 of the 12 local municipalities. These projects included Residential Grants, Building and Facade Improvement Grants, Environmental Assessment Study Grants and Heritage Restoration Grants and triggered $190,770 in private investment with the Region committing $47,670. The Regions commitment to 2014 Tax Increment Grant Funding as of Q2 2014 is $1,093,000.
- continue to exceed residential intensification targets - a significant proportion of new growth and development is occurring where existing infrastructure and community facilities exist – this means efficient use of infrastructure/facilities, less cost for residents, and less urban sprawl and consumption of agricultural land.
-95% on time response to development applications;
- creation of 3 development planning teams comprised of sr. planner/planner/technician with each team assigned to serve 4 municipalities. The team approach will support the development of strong knowledge bases and encourages the development of strong working relationships with LAM's; and
- alignment of application review into one group to address the streamlining of business processes to ensure the right staff at the right level are empowered to make the decisions.

Variance Analysis

The following factors have contributed to the Planning & Development Departments second quarter variance:

Purch. Serv. & Other Operating Exp.: The favourable year-to-go variance when combined with transfer from encumbrance reserve is a result of projects that are planned for Q3/Q4, such as the Agri Food Strategy, Food and Farming Alliance, Raw Water Study, Public Art, Source Water Protection, Culture Days and Niagara Investment in Culture. The Greater Niagara Circle Route Asset Management Plan, the Waterfront Enhancement Strategy and the Imagine Niagara project are well under way and will also be completed by Q4. The unfavourable year-to-go variance of $335,274 is $7,342 when netted against corresponding Transfers from Reserves Financial Expenditures variance.

Financial Expenditures: The unfavourable year-to-go variance of $137,500 is zero when netted against corresponding Transfers from Reserves.

Ontario/Canada Grants: The favourable variance of $7,500 is a result of the reforestation project revenue that was deferred from previous year, money to be redistributed to NPCA in Q3.

Fees & Service Charges: The unfavourable variance of $97,777 is a result of no privately initiated policy plan amendments in Q1/Q2, M.N.R Aggregate fees expected in Q3, timing of development applications and a lower number of sewage inspection applications. It is anticipated that the budget targets will be met by the end of Q4.

Transfers from Reserves: The favourable variance of $465,432 relates to encumbrances from 2013.

Vacancy Management

Currently the Water and Wastewater Master Planning Engineer position is vacant, it is anticipated that the role will be filled by Q4. In addition Development Services has two technician vacancies, one as a result of a retirement and one is a new role as a result of the reorganization. It is expected that these roles will be filled in Q3.

Public Works Levy - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 15,148,389	$ 7,597,815	$ 7,413,703	$ 184,112	$ 7,521,974	$ 14,935,677	$ 212,712
Administrative Expenses	1,118,408	559,074	496,204	62,870	661,401	1,157,605	(39,197)
Materials, Supplies & Utilities	6,581,120	3,457,362	3,816,375	(359,013)	3,174,760	6,991,135	(410,015)
Repairs & Maintenance	321,750	160,830	116,253	44,577	186,187	302,440	19,310
Purch. Serv. & Other Operating Exp.	7,981,540	4,378,548	4,403,651	(25,103)	3,773,794	8,177,445	(195,905)
Financial Expenditures	500,000	399,996	(22,456)	422,452	578,867	556,411	(56,411)
Capital Equipment & Renovations	106,314	53,136	34,638	18,498	75,479	110,117	(3,803)
Transfers to Reserves	1,873,582	936,786	936,786	-	936,796	1,873,582	-
Allocations Between Departments	(1,784,547)	(891,214)	(908,093)	16,879	(906,629)	(1,814,722)	30,175
Allocations to Capital Program	(1,119,599)	(559,794)	(649,323)	89,529	(793,728)	(1,443,051)	323,452
Total Gross Expenditure	**30,726,957**	**16,092,539**	**15,637,738**	**454,801**	**15,208,901**	**30,846,639**	**(119,682)**
Revenue							
Fees & Service Charges	(2,406,000)	(372,966)	(175,023)	(197,943)	(2,197,800)	(2,372,823)	(33,177)
Other Revenue	(764,000)	(381,984)	(406,862)	24,878	(519,287)	(926,149)	162,149
Transfers from Reserves	(1,028,165)	(564,074)	(818,654)	254,580	(464,091)	(1,282,745)	254,580
Total Revenue	**(4,198,165)**	**(1,319,024)**	**(1,400,539)**	**81,515**	**(3,181,178)**	**(4,581,717)**	**383,552**
Net Expenditure/(Revenue) before Indirect Allocation	**26,528,792**	**14,773,515**	**14,237,199**	**536,316**	**12,027,723**	**26,264,922**	**263,870**
Indirect Allocation							
Indirect Allocation	3,403,598	1,701,918	1,613,582	88,336	1,760,406	3,373,988	29,610
Debt Allocation	20,988,459	2,958,290	3,043,309	(85,019)	18,021,600	21,064,909	(76,450)
Total Indirect Allocation	**24,392,057**	**4,660,208**	**4,656,891**	**3,317**	**19,782,006**	**24,438,897**	**(46,840)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 50,920,849**	**$ 19,433,723**	**$ 18,894,090**	**$ 539,633**	**$ 31,809,729**	**$ 50,703,819**	**$ 217,030**

Public Works Levy - Statement of Operations (continued)

Community Impacts & Achievements

The Public Works Levy divisions include Development Services, Transportation Services and Public Works administration. Development Services approves and inspects private sewage systems annually and reviews development planning/municipal servicing applications, ensuring alignment with Provincial and Regional policies, plans and regulations. Transportation Services maintains roads, bridges and culverts, traffic signals and provides snow removal services on Regional roads. Transportation Services also provides oversight to Niagara Specialized Transit and Intermunicipal Transit, maintains Regional vehicles and equipment, undertakes transportation studies and strategic planning initiatives and delivers the transportation-related capital program. Public Works administration provides operational, strategic and financial support services in support of all of the Departmental program areas, including the Rate-related water, wastewater and waste management programs.

2014 Significant Programs:

- The roads operations budget is primarily driven by the winter maintenance activities. Other significant activities include traffic systems, pavement surface, drainage, forestry, and communications.
- Transportation Services annual program
- Inter-Municipal Transit Pilot program
- Traffic Signals Program
- Development application review
- Intermunicipal Transit Pilot Project

Q2 Project Update/Accomplishments:

- Key driver for discussion with the local area municipalities related to the GO Rail advocacy
- M5 ongoing implementation
- Intermunicipal Transit project extended for one year
- Transportation Master Plan terms of reference under development.
- Ongoing preventive maintenance and required maintenance due to weather conditions. In particular the heavy winter season resulted in extra efforts in winter control and surface pavement activities.

Variance Analysis

The following factors have contributed to Transportation Operations second quarter variance:

Administrative Expenses: The favourable variance of $62,870 is due to the timing of annual traffic data collection contracts which occur in three cycles.

Materials, Supplies & Utilities: The unfavourable variance of $359,013 is partially driven by overages from winter maintenance materials (sand and salt). Also contributing to the unfavourable variance were higher than expected fuel costs per litre. It is projected that a year-end unfavourable variance of approximately $410,015 will result once all the summer activity materials are purchased.

Financial Expenditures: The favourable variance of $422,452 is due to cost sharing with Local Area Municipalities (LAM). Grants related to bike lanes on non-regional roads, drainage assessments and storm sewers variance due to timing of requests from LAM and billing of committed work. There is a projected year-end unfavourable variance of $56,411 once all of the drainage cost sharing has been billed and grant applications have been processed.

Allocations to Capital Program: The favourable variance of $89,529 was related to construction activities by operations staff for capital projects beyond those budgeted for. It is projected that there will be a year-end favourable variance in the amount of $323,452 once all the summer activity projects are completed.

Fees & Service Charges: The unfavourable variance of $197,943 is related to shared services on construction activities by operations staff that have not yet completed.

Other Revenue: The favourable variance of $24,878 is driven by revenue from external sources for fuel purchases and repairs.

Transfer from Reserves: The favourable variance of $254,580 is due to encumbrances from previous years related to the Roads Safety Project, the Master Plans Terms of Reference and Queenston Road bike lane funding.

Water and Wastewater Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 21,456,127	$ 10,738,334	$ 10,172,704	$ 565,630	$ 10,467,164	$ 20,659,868	$ 796,259
Administrative Expenses	513,640	256,638	290,071	(33,433)	212,268	502,339	11,301
Materials, Supplies & Utilities	13,518,018	6,758,214	6,966,926	(208,712)	6,929,537	13,896,463	(378,445)
Repairs & Maintenance	8,537,731	4,268,700	3,289,567	979,133	4,643,419	7,932,986	604,745
Purch. Serv. & Other Operating Exp.	12,627,849	6,313,722	4,336,007	1,977,715	7,443,866	11,779,873	847,976
Financial Expenditures	-	-	(20)	20	20	-	-
Capital Equipment & Renovations	168,980	84,432	89,260	(4,828)	83,961	173,221	(4,241)
Transfers to Reserves	40,151,006	20,075,502	20,075,502	-	20,075,504	40,151,006	-
Allocations Between Departments	2,983,960	1,491,907	1,485,569	6,338	1,492,053	2,977,622	6,338
Allocations to Capital Program	(567,000)	(283,500)	(187,922)	(95,578)	(384,752)	(572,674)	5,674
Total Gross Expenditure	**99,390,311**	**49,703,949**	**46,517,664**	**3,186,285**	**50,983,040**	**97,500,704**	**1,889,607**
Revenue							
Taxation - Rate	(107,222,141)	(53,611,062)	(52,883,806)	(727,256)	(53,896,330)	(106,782,136)	(440,005)
Fees & Service Charges	(1,643,039)	(821,502)	(799,663)	(21,839)	(779,913)	(1,579,576)	(63,463)
Other Revenue	(12,000)	(6,000)	(24,712)	18,712	(24,923)	(49,635)	37,635
Transfers from Reserves	(750,000)	(375,000)	(910,160)	535,160	(375,000)	(1,285,160)	535,160
Total Revenue	**(109,627,180)**	**(54,813,564)**	**(54,618,341)**	**(195,223)**	**(55,078,166)**	**(109,696,507)**	**69,327**
Net Expenditure/(Revenue) before Indirect Allocation	**(10,236,869)**	**(5,109,615)**	**(8,100,677)**	**2,991,062**	**(4,095,126)**	**(12,195,803)**	**1,958,934**
Indirect Allocation							
Indirect Allocation	3,129,218	1,570,584	1,536,585	33,999	1,591,452	3,128,037	1,181
Debt Allocation	7,116,147	4,632,114	4,646,627	(14,513)	2,484,033	7,130,660	(14,513)
Total Indirect Allocation	**10,245,365**	**6,202,698**	**6,183,212**	**19,486**	**4,075,485**	**10,258,697**	**(13,332)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 8,496**	**$ 1,093,083**	**$ (1,917,465)**	**$ 3,010,548**	**$ (19,641)**	**$ (1,937,106)**	**$ 1,945,602**

Water and Wastewater Services - Statement of Operations (continued)

Community Impacts & Achievements

The Water Operations Division treated 60 billion liters of water in 2013 through 6 water treatments plants and 316 kms of watermains. Similarly, the Wastewater Operations Division treated 76 billion liters of wastewater in 2013 across 11 plants and one lagoon, with collection through 123 pump stations and 283 km of wastewater mains. In addition, these divisions are also responsible for input into water and wastewater approvals and master plans, design and construction, residual waste management, laboratory services, utility locates, environmental monitoring and enforcement, and sourcewater protection.

Q2 Project Update/Accomplishments:

- Wastewater best practices working group with Local Area Municipalities and the Region;
- Wastewater Quality Management System (QMS) introduced this year;
- Children's Water Festival
- Water Wagon deployment
- Enhanced community involvement and outreach – Fats Oils and Grease (FOG) and 'your toilet IS NOT a trash can'
- The new Niagara-on-the-Lake (NOTL) wastewater treatment plant construction is expected to proceed shortly to tender
- The Welland water treatment plant project has been successfully tendered and construction is pending.

Variance Analysis

The following factors have contributed to the Public Works Water and Wastewater Services second quarter variance:

Personnel Costs: The favourable variances of $565,630 year-to-date and $796,259 forecasted are driven by: continued recruitment challenges. During the first two quarters of 2014 this included vacancies in technical trades and water operators, staff working in dual roles, and a delay in the supervisory training program.

Materials, Supplies & Utilities: The unfavourable variances of $208,712 year-to-date and $378,445 forecasted are driven by: higher than budgeted utility costs including electricity, natural gas, and water.

Repairs & Maintenance: The favourable mid-year variance of $979,133 is driven by: emergency repair funds embedded within this category that have not yet been expended, mainly related to watermain breaks and system failures ($888,157). A forecasted year end favourable variance of $604,745 has been projected as emergency spending for the 2nd half of 2014 is expected.

Purch. Serv. & Other Operating Exp.: The favourable year-to-date variance of $1,977,715 year-to-date is driven by: the timing of property tax billings ($225,360) at water and wastewater locations; the reduction/deferral of consulting services related to ongoing condition assessments, consolidated drawing management and process reviews of plant, linear and remote facilities due to diversion of staff to design the new Niagara-on-the-Lake wastewater treatment plant ($959,541); the timing of the Biosolids program as land application was delayed this spring due to wet weather conditions ($627,872); reduced waste disposal due to backwash frequency and timing ($143,708). The favourable variance is expected to decease to $847,976 by year-end.

Allocations to Capital Program: The unfavourable year-to-date variance of $95,578 is driven by the timing of the corresponding capital expenditures.

Taxation - Rate: The unfavourable year-to-date variance of $727,256 is driven by lower than budgeted water sales. The forecasted unfavourable variance of $440,005 by year end is based on a projected water sale shortfall of 880 ML.

Vacancy Management

Water and Wastewater Operations continues to experience recruitment challenges. During the first two quarters of 2014 this included vacancies in technical trades and water operators, staff working in dual roles, and a delay in the supervisory training program.

Waste Management - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 3,722,294	$ 1,866,884	$ 1,604,543	$ 262,341	$ 1,613,059	$ 3,217,602	$ 504,692
Administrative Expenses	306,770	154,398	88,775	65,623	207,404	296,179	10,591
Materials, Supplies & Utilities	2,924,291	1,494,537	1,766,966	(272,429)	1,775,229	3,542,195	(617,904)
Repairs & Maintenance	849,271	424,538	420,549	3,989	425,484	846,033	3,238
Purch. Serv. & Other Operating Exp.	35,902,617	17,918,961	16,939,612	979,349	18,505,589	35,445,201	457,416
Financial Expenditures	-	-	131	(131)	-	131	(131)
Capital Equipment & Renovations	61,154	30,564	10,841	19,723	21,000	31,841	29,313
Transfers to Reserves	784,034	392,016	392,016	-	392,018	784,034	-
Allocations Between Departments	165,943	82,956	84,807	(1,851)	82,987	167,794	(1,851)
Allocations Within Departments	186,312	93,156	92,122	1,034	93,156	185,278	1,034
Allocations to Capital Program	(181,300)	(90,648)	(22,633)	(68,015)	(90,648)	(113,281)	(68,019)
Total Gross Expenditure	**44,721,386**	**22,367,362**	**21,377,729**	**989,633**	**23,025,278**	**44,403,007**	**318,379**
Revenue							
Taxation - Rate	(35,345,808)	(17,672,868)	(17,462,462)	(210,406)	(17,883,346)	(35,345,808)	-
Ontario/Canada Grants	(4,089,850)	(2,034,487)	(1,978,106)	(56,381)	(2,034,375)	(4,012,481)	(77,369)
Fees & Service Charges	(3,102,875)	(1,551,408)	(1,435,430)	(115,978)	(1,491,196)	(2,926,626)	(176,249)
Other Revenue	(7,230,412)	(3,615,168)	(4,544,537)	929,369	(3,566,505)	(8,111,042)	880,630
Transfers from Reserves	-	-	(793,068)	793,068	-	(793,068)	793,068
Total Revenue	**(49,768,945)**	**(24,873,931)**	**(26,213,603)**	**1,339,672**	**(24,975,422)**	**(51,189,025)**	**1,420,080**
Net Expenditure/(Revenue) before Indirect Allocation	**(5,047,559)**	**(2,506,569)**	**(4,835,874)**	**2,329,305**	**(1,950,144)**	**(6,786,018)**	**1,738,459**
Indirect Allocation							
Indirect Allocation	910,052	457,358	542,268	(84,910)	455,665	997,933	(87,881)
Capital Financing Allocation	4,137,507	2,204,102	2,193,348	10,754	1,933,405	4,126,753	10,754
Total Indirect Allocation	**5,047,559**	**2,661,460**	**2,735,616**	**(74,156)**	**2,389,070**	**5,124,686**	**(77,127)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ -**	**$ 154,891**	**$ (2,100,258)**	**$ 2,255,149**	**$ 438,926**	**$ (1,661,332)**	**$ 1,661,332**

Waste Management - Statement of Operations (continued)

Community Impacts & Achievements

Waste Management Services (WMS) is responsible for the operation of various facilities (landfill sites, Municipal Hazardous & Special Waste (MHSW) depot and a recycling centre), the delivery of curbside waste, recycling and organics collection services and diversion programs, the management of long-term organics processing and disposal contracts, as well as policy development and capital program delivery. In addition to the operation of permanent drop-off depots, special event days are provided for diverting recyclables, electronics, MHSW waste, scrap metal and other materials.

2014 Significant Programs:
- Waste, recyclables and organics collection contracts for base and enhanced service levels;
- Contracts with Walker for organics processing and waste disposal;
- Operations and maintenance contracts at open and closed landfill sites;
- Operation of a regional recycling centre; and
- Diversion initiatives including programs at drop-off depots and special event days and supporting outreach and communications.

Q2 Project Update/Accomplishments:
- Award of 3 year RFP to process Waterloo's mixed fibres and plastic bags resulting in a net increase in recycling processing revenue;
- Service area expansion for Niagara Road 12 MHSW Depot;
- Initiation of a 1 year pilot program at Regional landfill drop-off depots for the recycling of carpets/underpads and mattresses/boxsprings;
- Implementation of the Special Events Organics Program with cost recovery fee; and
- Illegal Dumping Working Group initiatives - partnership between the Region and Local Area Municipalities.

Variance Analysis

The anticipated year-end surplus is $1,661,332 which is 4.7% of the 2014 waste management requisition. This is comprised of the net revenue impact of Niagara's award of the Waterloo fibre processing contract and higher than budgeted recycling processing revenue due to favourable market conditions. Other drivers for the surplus include a $793,068 encumbrance for multi-year projects; reduced expenditures of $504,692 compared to budget in personnel costs largely due to vacancies and partial backfilling; savings in the disposal program areas of $260,000 largely due to the timing of the Bridge Street landfill opening; and $222,000 from lower than budgeted fuel prices for the base and enhanced collection contracts.

The following factors have contributed to Waste Management Division's second quarter variance:

Purch. Serv. & Other Operating Exp.: A favourable variance of $979,349 is largely due to: reduced expenditures of $566,000 in the disposal program areas in Q1 and Q2 for open and closed landfill sites, which reflects the June 2014 opening of Bridge Street landfill and contract work to occur in Q3/Q4 of 2014; savings of $215,000 from lower than budgeted fuel prices for the base and enhanced collection contracts; and reduced expenditures in consulting services due to the deferral of the Alternative Technology project and expected increased expenditures in Q3/Q4 due to timing of consulting work.

Other Revenue: The favourable variance of $929,369 is driven by higher recycling processing revenue due to the award for the Waterloo contract which commenced April 4, 2014 and improved market pricing compared to budget. However this is partially offset by increased operational costs related to the Waterloo contract in Materials and Purchased Services.

Transfers from Reserves & Reserve Funds: A favourable variance of $793,068 is based on 2013 encumbrances for multi-year projects/contracts.

Vacancy Management

Included within the realized savings in personnel costs are vacancy management actions taken during the first two quarters of 2014. These actions include delaying the advertisement of vacant positions, delaying the backfill of a position, and backfilling a position at a lower cost. The resulting cost savings of these actions is an estimated $479,943 (annualized).

Economic Development - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 548,965	$ 236,319	$ 230,883	$ 5,436	$ 318,082	$ 548,965	$ -
Administrative Expenses	61,500	30,750	24,152	6,598	37,348	61,500	-
Materials, Supplies & Utilities	13,000	6,498	3,941	2,557	9,059	13,000	-
Purch. Serv. & Other Operating Exp.	930,000	465,000	341,410	123,590	656,224	997,634	(67,634)
Financial Expenditures	110,000	55,002	-	55,002	110,000	110,000	-
Capital Equipment & Renovations	-	-	25	(25)	-	25	(25)
Allocations Between Departments	3,369	1,686	2,182	(496)	1,683	3,865	(496)
Total Gross Expenditure	**1,666,834**	**795,255**	**602,593**	**192,662**	**1,132,396**	**1,734,989**	**(68,155)**
Revenue							
Transfers from Reserves	-	-	(117,634)	117,634	-	(117,634)	117,634
Total Revenue	**-**	**-**	**(117,634)**	**117,634**	**-**	**(117,634)**	**117,634**
Net Expenditure/(Revenue) before Indirect Allocation	**1,666,834**	**795,255**	**484,959**	**310,296**	**1,132,396**	**1,617,355**	**49,479**
Indirect Allocation							
Indirect Allocation	246,958	138,404	109,416	28,988	111,608	221,024	25,934
Capital Financing Allocation	108,336	24,885	18,951	5,934	83,451	102,402	5,934
Total Indirect Allocation	**355,294**	**163,289**	**128,367**	**34,922**	**195,059**	**323,426**	**31,868**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 2,022,128**	**$ 958,544**	**$ 613,326**	**$ 345,218**	**$ 1,327,455**	**$ 1,940,781**	**$ 81,347**

Economic Development - Statement of Operations (continued)

Community Impacts & Achievements

Division Overview - to promote Niagara on a global scale and to work in partnership with the region's 12 municipalities to provide effective, innovative services that encourage investment in and travel to the region, along with business support services to attract, maintain and increase jobs in Niagara. The department supports the retention and growth of existing companies and encourages new companies to relocate in Niagara.

2014 Significant Programs:
- Revitalize Team Niagara and Stronger CAO/EDO Partnerships/Investment Growth/Business Attraction/Innovation and Entrepreneurship/New and Expanded Partnerships.

Q2 Project Update/Accomplishments:
-Building ED team/outreach to key stakeholders/build partnerships and networks/focus limited resources/develop realistic expectations/driving to results - jobs, investment, innovation, entrepreneurs;
-One-year contracts being finalized with BioLinc (Brock), Niagara College, Innovate Niagara; and
-Supporting Councils commitment to the Vineland Research Innovation Centre.

Variance Analysis

Q1/Q2 have been dedicated for the most part to building the ED team, outreach to stakeholders and building partnerships and networks. It is anticipated that the majority of budget dollars will be spent by the end of Q4.

The following factors have contributed to the Q2 variance:

Administrative Expenses: No investment missions in Q1/Q2 has driven the favourable variance of $6,598, it is anticipated that their will be investment mission(s) by the end of Q4.

Material, Supplies & Utilities: The favourable variance of $2,557 is driven by reduce cell phone costs as a result of not having full staff complement.

Purch. Serv. & Other Operating Exp.: The favourable variance of $123,590 is actually $241,224 when the transfer from the reserve is considered (this represents encumbered budget dollars from the previous year). The forecasted favourable variance is $50,000 as the majority of budget dollars on this line are going to be used in Q3/Q4 to fund large commitments to BioLinc, Niagara College and Innovate Niagara. This contracts are currenlty being finalized.

Financial Expenditures: The favourable variance of $55,000 is a result of no economic promotion grants being made in Q1/Q2. The forecasted variance is zero as these funds will be used towards the planned commitments to BioLinc, Niagara College and Innovate Niagara.

Vacancy Management

Both the Expeditor and Economic Research and Analysis Manager roles are currently vacant and are anticipated to be filled by the end of August.

Court Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 2,115,482	$ 1,060,714	$ 982,082	$ 78,632	$ 1,020,469	$ 2,002,551	$ 112,931
Administrative Expenses	42,929	26,967	25,254	1,713	19,644	44,898	(1,969)
Materials, Supplies & Utilities	77,130	37,440	46,012	(8,572)	42,364	88,376	(11,246)
Repairs & Maintenance	-	-	874	(874)	200	1,074	(1,074)
Purch. Serv. & Other Operating Exp.	3,751,416	1,867,909	1,867,493	416	1,764,919	3,632,412	119,004
Financial Expenditures	150,000	75,000	43,062	31,938	76,363	119,425	30,575
Capital Equipment & Renovations	21,982	10,986	-	10,986	21,982	21,982	-
Transfers to Reserves	1,000,000	499,998	499,998	-	500,002	1,000,000	-
Allocations Between Departments	11,155	5,574	4,707	867	5,581	10,288	867
Total Gross Expenditure	**7,170,094**	**3,584,588**	**3,469,482**	**115,106**	**3,451,524**	**6,921,006**	**249,088**
Revenue							
Other Revenue	(9,035,207)	(4,517,592)	(4,181,563)	(336,029)	(4,683,437)	(8,865,000)	(170,207)
Total Revenue	**(9,035,207)**	**(4,517,592)**	**(4,181,563)**	**(336,029)**	**(4,683,437)**	**(8,865,000)**	**(170,207)**
Net Expenditure/(Revenue) before Indirect Allocation	**(1,865,113)**	**(933,004)**	**(712,081)**	**(220,923)**	**(1,231,913)**	**(1,943,994)**	**78,881**
Indirect Allocation							
Indirect Allocation	822,867	412,329	446,541	(34,212)	439,271	885,812	(62,945)
Capital Financing Allocation	17,246	9,171	9,683	(512)	8,075	17,758	(512)
Total Indirect Allocation	**840,113**	**421,500**	**456,224**	**(34,724)**	**447,346**	**903,570**	**(63,457)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ (1,025,000)**	**$ (511,504)**	**$ (255,857)**	**$ (255,647)**	**$ (784,567)**	**$ (1,040,424)**	**$ 15,424**

Court Services - Statement of Operations (continued)

Community Impacts & Achievements

All of the major service indicators continue to fluctuate year-to-date compared to the same time period in 2013 (January to June). These include:

- Charges filed 17% decrease
- Courtroom utilization 18% decrease
- Matters set for Early Resolution 11% decrease
- Matters set for Trials 9% increase
- Re-openings 14% increase
- Extensions for time to pay fines 37% increase

At the end of the second quarter, trials for Part 1 matters were being scheduled in 7.6 months, and Part 3 matters were being scheduled in 13.2 months.

A total of 3,938 Early Resolution meetings were held with 75% resolved, 14% withdrawn and 11% proceeding to trial. Early Resolution has contributed to a decrease in courtroom hours, however as request for trials and reopening are on the rise, it is expected that courtroom hours will increase once again by the 4th quarter of 2014.

One year ago Court Service established new performance measures in Administration, Collections and Prosecutions. Administration met their 10 day turnaround time for appeals 75% of the time. Voicemail messages were returned within one business day by Administration 63% of the time; by Collections 71% of the time and by Prosecutions 85% of the time. That time has improved in Collections to 100 % in the last two quarters. Collections reviewed the suspension list within the required timeline 100 % of the time and provided payout statements within one business day 100 % of the time. Prosecution was able to provide disclosure within established timelines 96 % of the time and reviewed charter applications with the established timeline 80 % of the time.

Court Services will continue to monitor these measures to ensure that targets are met and improved where they are not currently being met.

Variance Analysis

Operating expenditures are a direct result of changing demands for service placed on court operations.

The following factors have contributed to Court Services second quarter variance:

Personnel Costs: The favourable year-to-date variance of $78,632 and year-to-go variance of $112,931 are a result of gaps in filling the project specialist position, a prosecutor position as well as savings derived from a court clerk position on sick leave receiving 75% pay.

Materials, Supplies & Utilities: The unfavourable year-to-date variance of $8,572 and year-to-go variance of $11,246 are a result of an increase in Business Forms due to the delay in implementing E-Ticketing, an increase in the cost of postage and utilities, an increase in the use of per diem prosecutors to cover staffing shortages, and an increase in the use of interpreters.

Financial Expenditures: The favourable year-to-date variance of $31,938 and year-to-go variance of $30,575 are a result of a decrease in Collection Charges, a decrease in some payments to the province as well as municipal partners.

Capital Equipment & Renovations: The favourable year-to-date variance of $10,986 is a result of a delay in renewing some data processing equipment.

Other Revenue: The unfavourable year-to-date variance of $336,029 and year-to-go variance of $170,207 are a result of in part to a decrease in Charges Filed (17%) and an increase in applications for extension of time to pay fines.

Vacancy Management

A positive variance of Personnel Costs has occurred in the first half of 2014 as a result of gaps in filling the Project Specialist position in March, a Prosecutor position at the end of May, and from savings derived from a Court Clerk position on sick leave receiving 75% pay.

The Collections Supervisor position has recently become vacant and will remain vacant for the balance of 2014.

Niagara Regional Housing (NRH) - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 4,445,587	$ 2,232,938	$ 2,089,930	$ 143,008	$ 2,313,782	$ 4,403,712	$ 41,875
Administrative Expenses	247,224	123,606	106,640	16,966	140,521	247,161	63
Materials, Supplies & Utilities	5,536,937	3,046,887	2,923,320	123,567	2,448,617	5,371,937	165,000
Repairs & Maintenance	4,015,868	1,870,996	1,967,446	(96,450)	2,348,422	4,315,868	(300,000)
Purch. Serv. & Other Operating Exp.	5,041,522	2,718,610	2,712,675	5,935	2,355,549	5,068,224	(26,702)
Financial Expenditures	2,901,255	1,450,626	1,458,944	(8,318)	1,442,311	2,901,255	-
Capital Equipment & Renovations	30,000	15,000	17,324	(2,324)	45,676	63,000	(33,000)
Housing Provider Subsidy & Supplements	29,223,771	14,611,884	14,280,467	331,417	14,783,010	29,063,477	160,294
Transfers to Reserves	581,974	290,988	290,988	-	290,986	581,974	-
Allocations Between Departments	563,160	279,593	281,182	(1,589)	281,726	562,908	252
Total Gross Expenditure	**52,587,298**	**26,641,128**	**26,128,916**	**512,212**	**26,450,600**	**52,579,516**	**7,782**
Revenue							
Ontario/Canada Grants	(12,252,136)	(6,126,060)	(5,827,896)	(298,164)	(6,356,350)	(12,184,246)	(67,890)
Other Revenue	(13,278,688)	(6,639,348)	(6,718,439)	79,091	(6,622,198)	(13,340,637)	61,949
Transfers from Reserves	(89,000)	(44,502)	(44,502)	-	(44,498)	(89,000)	-
Total Revenue	**(25,619,824)**	**(12,809,910)**	**(12,590,837)**	**(219,073)**	**(13,023,046)**	**(25,613,883)**	**(5,941)**
Net Expenditure/(Revenue) before Indirect Allocation	**26,967,474**	**13,831,218**	**13,538,079**	**293,139**	**13,427,554**	**26,965,633**	**1,841**
Indirect Allocation							
Indirect Allocation	1,148,212	564,110	562,188	21,922	577,070	1,139,258	8,954
Capital Financing Allocation	2,364,460	783,368	773,917	9,451	1,581,092	2,355,009	9,451
Total Indirect Allocation	**3,512,672**	**1,367,478**	**1,336,105**	**31,373**	**2,158,162**	**3,494,267**	**18,405**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 30,480,146**	**$ 15,198,696**	**$ 14,874,184**	**$ 324,512**	**$ 15,585,716**	**$ 30,459,900**	**$ 20,246**

Niagara Regional Housing (NRH) - Statement of Operations (continued)

Community Impacts & Achievements

NRH is responsible for direct ownership and management of a residential rental portfolio; the provision of subsidies to providers and private landlords; the management of the waiting list; and the delivery of any federal/provincial programs.

Owned Units

NRH provides property and asset management services for a portfolio of 2,758 units including 36 apartment buildings and over 900 townhouses/houses. These units are home to over 6,500 people. This portfolio represents 41% of the operating budget.

Rental Subsidy Programs – Housing Providers and Rent Supplement

Through rental subsidy programs with private landlords and non-profit/co-operative housing providers, an additional 5,000 units of affordable housing are available. The subsidies which account for 55% of the operating budget are calculated based on legislative requirements.

Affordable Housing Waiting List

NRH maintains the affordable housing waiting list for the region. The demand for housing declined 2% over the same quarter last year. This is the first indication that the continual increase in the wait list may be ending. At the end of the second quarter, 6,111 households were waiting for permanent subsidized accommodation while 187 received housing.

Ontario/Canada Grants

NRH receives time-limited funding under the "Investing in Affordable Housing (IAH)" program from the federal and provincial governments that provides affordable housing solutions for homeowners (renovation and down payment assistance) as well as assistance to applicants on the wait list (housing allowances). This funding has also been used to develop over 600 new affordable housing units.

Variance Analysis

The following factors have contributed to NRH's second quarter variance:

Personnel Costs: The favourable quarterly variance of $143,008 is due to staggered filling of new positions. The forecasted favourable variance is estimated to be approximately $41,875 after an employee entitlement payout.

Administrative Expenses: The favourable quarterly variance of $16,966 is due to timing of services which will be incurred later in the year.

Repairs and Maintenance : The unfavourable variance of $96,450 is due to increased demand for repairs to the owned units. The forecasted unfavourable variance of $300,000 is driven by this increased demand along with the increased contractor costs.

Capital Equipment & Renovations: The year-to-date unfavourable variance of $2,324 and the forecasted unfavourable variance of $33,000 is due to one-time costs such as office renovations and new computers.

Housing Provider Subsidy & Supplements: The favourable variances are the result of the timing of payments to housing providers based on receiving their housing provider year-end reconciliations.

Ontario/Canada Grants: The year-to-date variance is reflective of unspent funding that is deferred until later in the year.

Vacancy Management

NRH continues to take appropriate vacancy management measures to reduce expenses as demonstrated in the staggered approach to filling the new positions.

Niagara Regional Police Services & Board (NRPS) - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 130,232,057	$ 63,934,615	$ 63,082,472	$ 852,143	$ 67,149,585	$ 130,232,057	$ -
Administrative Expenses	1,672,821	835,808	683,005	152,803	999,219	1,682,224	(9,403)
Materials, Supplies & Utilities	4,934,450	2,466,689	2,326,746	139,943	2,507,704	4,834,450	100,000
Repairs & Maintenance	2,267,649	1,133,668	980,486	153,182	1,287,163	2,267,649	-
Purch. Serv. & Other Operating Exp.	2,841,281	1,420,570	1,263,239	157,331	1,578,042	2,841,281	-
Financial Expenditures	4,000	1,998	4,718.00	(2,720)	(718)	4,000	-
Capital Equipment & Renovations	425,000	212,488	95,226	117,262	329,774	425,000	-
Transfers to Reserves	4,782,715	4,782,715	4,782,715	-	-	4,782,715	-
Allocations Between Departments	(1,054,501)	(527,253)	(536,656)	9,403	(527,248)	(1,063,904)	9,403
Total Gross Expenditure	**146,105,472**	**74,261,298**	**72,681,951**	**1,579,347**	**73,323,521**	**146,005,472**	**100,000**
Revenue							
Ontario/Canada Grants	(5,971,132)	(2,985,564)	(2,985,565)	1	(2,985,567)	(5,971,132)	-
Fees & Service Charges	(7,023,988)	(3,511,982)	(3,855,923)	343,941	(3,068,065)	(6,923,988)	(100,000)
Other Revenue	(1,694,085)	(847,023)	(992,262)	145,239	(701,823)	(1,694,085)	-
Transfers from Reserves	(700,000)	(700,000)	(700,000)	-	-	(700,000)	-
Total Revenue	**(15,389,205)**	**(8,044,569)**	**(8,533,750)**	**489,181**	**(6,755,455)**	**(15,289,205)**	**(100,000)**
Net Expenditure/(Revenue) before Indirect Allocation	**130,716,267**	**66,216,729**	**64,148,201**	**2,068,528**	**66,568,066**	**130,716,267**	**-**
Indirect Allocation							
Indirect Allocation	5,291,081	2,649,230	2,407,720	241,510	2,829,027	5,236,747	54,334
Capital Financing Allocation	6,253,840	1,714,220	1,714,410	(190)	4,539,620	6,254,030	(190)
Total Indirect Allocation	**11,544,921**	**4,363,450**	**4,122,130**	**241,320**	**7,368,647**	**11,490,777**	**54,144**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 142,261,188**	**$ 70,580,179**	**$ 68,270,331**	**$ 2,309,848**	**$ 73,936,713**	**$ 142,207,044**	**$ 54,144**

Niagara Regional Police Services & Board (NRPS) - Statement of Operations (continued)

Community Impacts & Achievements
Full details are available in the Service Report to the Police Serve Board (PSB) received by the Board on July 24, 2014. A copy has been submitted to the Region. The year to date actuals presented in the PSB Report show minor variances from the Regional information. This is a result of Regional transactions posted subsequent to the NRPS required month end close deadline.

Variance Analysis
At the meeting of the Police Service Board on July 24, 2014 the Board received the financial variance and year-end forecast for the period ended June 30, 2014. As at June 30, 2014, total Gross Expenditures were $1,579,347 less and Revenues were $489,181 more than total approved, resulting in a net expenditure before indirect allocations surplus of $2,068,528. The variance is primarily due to the timing of expenditures and is not expected to continue.

Vacancy Management
See Police Board Report Number 206-2014 for analysis related to vacancy management.

Niagara Peninsula Conservation Authority (NPCA) Grant - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Financial Expenditures	7,226,840	3,613,420	3,613,420	-	3,613,420	7,226,840	-
Total Gross Expenditure	**7,226,840**	**3,613,420**	**3,613,420**	**-**	**3,613,420**	**7,226,840**	**-**
Revenue							
Other Revenue	(169,626)	(84,816)	(80,075)	(4,741)	(105,200)	(185,275)	15,649
Transfers from Reserves	(300,000)	-	-	-	(300,000)	(300,000)	-
Total Revenue	**(469,626)**	**(84,816)**	**(80,075)**	**(4,741)**	**(405,200)**	**(485,275)**	**15,649**
Net Expenditure/(Revenue) before Indirect Allocation	**6,757,214**	**3,528,604**	**3,533,345**	**(4,741)**	**3,208,220**	**6,741,565**	**15,649**
Indirect Allocation							
Indirect Allocation	146,638	73,503	86,801	(13,298)	70,469	157,270	(10,632)
Capital Financing Allocation	22,988	12,224	14,575	(2,351)	10,764	25,339	(2,351)
Total Indirect Allocation	**169,626**	**85,727**	**101,376**	**(15,649)**	**81,233**	**182,609**	**(12,983)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 6,926,840**	**$ 3,614,331**	**$ 3,634,721**	**$ (20,390)**	**$ 3,289,453**	**$ 6,924,174**	**$ 2,666**

Niagara Peninsula Conservation Authority (NPCA) Grant - Statement of Operations (continued)

Community Impacts & Achievements

NPCA is a separate corporation that receives funding from the Niagara Region. The above summary shows the grant that the Niagara Region provides the NPCA and not their operating

Variance Analysis

The Region will provide the NPCA the remaining half of their approved annual funding in the next two quarters.

The following factors have contributed to NPCA's second quarter variance:

Financial Expenditures: The $NIL variance is a result of the NPCA receiving 50 per cent of their annual funding as planned.

Other Revenue: The unfavourable variance of $4,741 is driven by a timing delay in the recovery billings versus the recognition of the costs of Indirect Allocations and Capital Financing Allocation costs. The forecasted favourable variance of $15,649 is expected as a result of catchup billings that will occur in the second half of the year.

Transfers from Reserves: NPCA requested $300,000 in funding for water related activities and this will be provided through the water operations capital works reserve.

Reserve Summary

Description	Balances at December 31, 2013	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2014	Net Transfers Forecast from/(to) Operating (Jul-Dec)	Capital Commitments *	Balance Available at December 31, 2014
NRPS LTA Financing	$ 912,332	$ 1,470,383	$ -	$ 2,382,715	$ (50,002)	$ -	2,332,713
Ambulance Communication	1,622,866	-	-	1,622,866	-	-	1,622,866
Chemical, Biological, Radiological, Nuclear (CBRN) Emergency Response Team	322,816	26,406	-	349,222	26,406	-	375,628
Ambulance Replacement	1,412,565	562,722	-	1,975,287	562,722	-	2,538,009
Niagara Regional Housing	9,448,931	-	-	9,448,931	-	-	9,448,931
Fleet Equipment Replacement	3,725,287	878,790	(1,976,191)	2,627,886	878,792	-	3,506,678
Police Vehicle and Equipment Replacement	192,591	1,400,000	(1,400,000)	192,591	-	-	192,591
Welland Canal Crossings	141,695	-	(141,695)	-	-	-	-
NRH Owned Units	2,248,819	258,486	(521,259)	1,986,046	258,488	-	2,244,534
Corporate Employee Recognition Team (CERT)	327,359	(20,922)	-	306,437	(20,928)	-	285,509
PW Field Admin. Equip. Replacement	4,752	57,996	(100,000)	(37,252)	58,004	-	20,752
Senior Capital	2,017,079	198,006	(500,000)	1,715,085	198,019	-	1,913,104
Public Health	302,742	(50,880)	-	251,862	(33,920)	-	217,942
Social Assistance	7,985,622	-	-	7,985,622	(630,958)	-	7,354,664
Childrens Services	700,341	-	-	700,341	-	-	700,341
NRH Rent Supplements	390,425	(12,000)	-	378,425	(12,000)	-	366,425
Police Contingency	486,029	-	-	486,029	-	-	486,029
Police Services Board Contingency	141,598	-	-	141,598	-	-	141,598
Smart Growth	2,152,804	(39,612)	-	2,113,192	(2,113,192)	-	-
Fire Co-ordinator	98,439	7,152	-	105,591	7,152	-	112,743
Court Services Facility Renewal	2,665,133	499,998	-	3,165,131	500,002	(3,650,000)	15,133
Police Capital Levy	1,342,930	1,000,000	(1,126,577)	1,216,353	-	(400,000)	816,353
General Capital Levy	6,880,393	9,311,345	(17,220,285)	(1,028,547)	13,235,981	(2,130,000)	10,077,434
Public Health Vehicles & Equipment	366,040	(21,000)	-	345,040	(21,000)	-	324,040
Specialized Transit Equipment	170,739	-	-	170,739	-	-	170,739
Total Department/Program Specific Reserves	**46,060,328**	**15,526,870**	**(22,986,006)**	**38,601,191**	**12,843,566**	**(6,180,000)**	**45,264,757**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

Note: Reserve balances above do not include any transfers that may occur as a result of 2014 surplus/deficit identified throughout this booklet.

Reserve Summary (cont'd)

Description	Balances at December 31, 2013	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2014	Net Transfers Forecast from/(to) Operating (Jul-Dec)	Capital Commitments *	Balance Available at December 31, 2014
Police Accumulated Sick Leave	3,828,440	(700,000)	-	3,128,440	-	-	3,128,440
Future Benefit Costs	9,147,694	-	-	9,147,694	-	-	9,147,694
WSIB	14,087,980	-	-	14,087,980	-	-	14,087,980
Accumulated Sick Leave	2,509,434	(124,998)	-	2,384,436	(125,008)	-	2,259,428
NRH Employee future benefits	792,733	-	-	792,733	-	-	792,733
Police Future Benefit Cost	2,940,402	912,332	-	3,852,734	-	-	3,852,734
Police WSIB	2,669,590	-	-	2,669,590	-	-	2,669,590
Sub-total Employee Benefit Reserves**	35,976,272	87,334	-	36,063,606	(125,008)	-	35,938,598
Investment Income Stabilization	1,162,972	-	-	1,162,972	522,260	-	1,685,232
Tax Write off Stabilization	5,000,000	-	-	5,000,000	-	-	5,000,000
Self Insurance	2,403,184	(47,496)	-	2,355,688	(47,504)	-	2,308,184
Contingency	9,073,583	219,703	-	9,293,286	121,047	-	9,414,333
Improvement Initiatives	1,621,709	(797,500)	-	824,209	202,500	-	1,026,709
Taxpayer Relief	5,034,811	(1,724,900)	-	3,309,911	-	-	3,309,911
Total Corporate Stabilization Reserves	**60,272,531**	**(2,262,859)**	**-**	**58,009,672**	**673,295**	**-**	**58,682,967**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

Note: Reserve balances above do not include any transfers that may occur as a result of 2014 surplus/deficit identified throughout this booklet.

Reserve Summary (cont'd)

Description	Balances at December 31, 2013	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2014	Net Transfers Forecast from/(to) Operating (Jul-Dec)	Capital Commitments *	Balance Available at December 31, 2014
Health Unit Wallington	44,778	(22,392)	-	22,386	(22,386)	-	-
Total Regional Donation Reserves	**44,778**	**(22,392)**	**-**	**22,386**	**(22,386)**	**-**	**-**
FCM Reserve	350,000	-	-	350,000	-	-	350,000
Circle Route Initiatives	1,482,681	(59,998)	-	1,422,683	-	-	1,422,683
Police Ontario Police Video Training Alliance	51,250	-	-	51,250	-	-	51,250
Encumbrance	2,523,042	(2,523,042)	-	-	-	-	-
Hospital Contribution	(13,772,117)	(83,654)	-	(13,855,771)	398,380	-	(13,457,391)
Land Ambulance Severance	4,681,333	-	-	4,681,333	-	-	4,681,333
Total Regional Commitments Reserves	**(4,683,811)**	**(2,666,694)**	**-**	**(7,350,505)**	**398,380**	**-**	**(6,952,125)**
Wastewater Operating	4,971,555	-	-	4,971,555	38,077	-	5,009,632
Water Operating	4,766,998	(375,000)	-	4,391,998	(341,362)	-	4,050,636
Wastewater Capital	55,935,324	10,506,624	(25,125,451)	41,316,497	10,912,776	(1,700,000)	50,529,273
Water Capital	74,074,968	9,568,878	(30,302,912)	53,340,953	9,790,401	(500,000)	62,631,355
Waste Management	17,404,401	392,016	(3,443,409)	14,353,009	509,601	(1,445,000)	13,417,610
Total Rate Supported Reserves	**157,153,266**	**20,092,518**	**(58,871,772)**	**118,374,012**	**20,909,494**	**(3,645,000)**	**135,638,506**
	-			-			-
Total (Excluding Deferred Revenues)	**$ 258,847,093**	**$ 30,667,443**	**$ (81,857,779)**	**$ 207,656,757**	**$ 34,802,349**	**$ (9,825,000)**	**$ 232,634,105**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

Note: Reserve balances above do not include any transfers that may occur as a result of 2014 surplus/deficit identified throughout this booklet.

Deferred Revenues (Development Charges & Gas Tax Reserve Funds)

Description	Balances at December 31, 2013	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2014	Net Transfers Forecast from/(to) Operating (Jul-Dec)	Capital Commitments *	Forecast Balance at December 31, 2014
Development Charges-General Government	$ 603,447	$ 75,202	-	$ 678,649	$ 7,763	$ (40,000)	$ 646,412
Development Charges-Police Services	694,537	245,754	-	940,291	10,218	-	950,509
Development Charges-Roads	17,314,896	4,597,412	(323,455)	21,588,852	80,702	(17,941,101)	3,728,453
Development Charges-Sewer	16,880,948	2,913,998	(26,922)	19,768,024	131,444	(15,617,966)	4,281,501
Development Charges-Water	13,769,137	856,781	-	14,625,918	160,742	(2,676,403)	12,110,256
Development Charges-Emergency Medical	254,253	61,095	-	315,347	3,560	-	318,907
Federal Gas Tax	16,584,206	347,106	(5,163,327)	11,767,985	12,516,506	(23,566,718)	717,773
Provincial Gas Tax	679,189	199,131	-	878,320	(155,373)	-	722,947
Total	**$ 66,780,613**	**$ 9,296,478**	**$ (5,513,705)**	**$ 70,563,386**	**$ 12,755,561**	**$ (59,842,188)**	**$ 23,476,759**

* The capital commitments included represent all approved capital project expenditures budgeted to be funded by development charges and/or federal gas tax. Each quarter and/or yearend a review of the status of the respective capital projects is completed and revenue earned is allocated accordingly.

Development Charge Revenues

	2013 Actuals		2014 Jan - June	
Gross Development Charge Revenues	32,246,253		6,693,040	
Less: Discretionary exemptions (Forgone Revenue)	(10,480,276)	32.5%	(572,380)	8.6%
Net Development Charges Revenues *	21,765,977	67.5%	6,120,660	91.4%

* Development charge revenues are deposited to the reserve funds above.

Operating Reserve Transfer Reconciliation

All transfers to and from Reserves and Reserve Funds are identified in an approved annual budget (operating or capital) unless they are inflows received in a Reserve Fund from an outside source (i.e development charges, gas tax receipts). A new requirement in the reserve and reserve funds policy requires a report outlining any year to date or forecasted inflows and outflows that were not included in the Council approved annual budget. Below is a summary of transfers to and from reserve and reserve funds not approved in the initial annual budget.

Council approved net operating transfers to reserves		**$**	**71,029,578**
Less: Deferred revenue type reserve transfers			(483,028)
Total planned net operating transfers to reserves			**70,546,550**
Additional operating reserve transfers to/(from) reserves:			
General Capital Levy Reserve	$ 112,452		Retroactive funding for construction costs and beds - Deerpark Villa
General Capital Levy Reserve	370,389		Transfer of debt charges, difference due to payment of NRH unbudgeted debt substitution (CSD 107-2013)
Circle Route Initiatives Reserve	(10,000)		Allocation of funding to install signage on the Greater Niagara Circle Route (GNCRC 3-2014)
Encumbrances Reserve	(2,523,042)		2013 Encumbrances established in accordance with Council report DF86-179 (CSD 14-2014)
Improvement Initiatives Reserve	(1,000,000)		Allocation of funding source as directed by Regional Council
Social Assistance Reserve	630,946	(2,419,255)	Reduction in the draws from reserves originally expected in the budget due to lower levels of expected caseloads for Homelessness/SAEO
Forecasted operating transfers to/(from) reserves (to be approved in the year-end transfer report):			
General Capital Levy Reserve	67,240		Proceeds on surplus properties goes to general capital levy reserve. Adjustment to match forecasted proceeds
Investment Income Stabalization Reserve	895,561		Difference between budget and amount outlined in the stabilization transfer schedule (CSD 137-2012)
Contigency Reserve	268,361		Difference between budget and forecasted industrial development charge grants (By-law 09-2013) - RDCOTF 14-2012
Contigency Reserve	(2,073,582)		Balance of Smart Growth Reserve used to fund Smarter Niagara Incentive Project
General Capital Levy Reserve	(1,815,077)	(2,657,497)	Offset of the debt charge placeholder to match forecasted debt costs
Net operating transfers to reserves (page 41)		**$**	**65,469,798**

Capital Reserve Transfer Reconciliation

All transfers to and from Reserves and Reserve Funds are identified in an approved annual budget (operating or capital) unless they are inflows received in a reserve fund from an outside source (i.e development charges, gas tax receipts). A new requirement in the reserve and reserve funds policy requires a report outlining any year to date or forecasted inflows and outflows that were not included in the Council approved annual budget. Below is a summary of transfers to and from reserve and reserve funds not approved in the initial annual budget.

Uninitiated 2013 Capital Budget Items (Capital Commitments) at Dec. 31, 2013			**$ 4,803,530**
2013 Council Approved Capital Budget	$ 133,057,270		
Less: Deferred Revenues type Reserve Fund Transfers	(31,362,500)		101,694,770
Total Planned Capital Reserve Transfers			106,498,300
Unused Capital Reserve Funding Transferred back to Reserve per CSD 03-2014:			
Fleet Equipment Replacement	4,252		
Fleet Equipment Replacement	145		
Fleet Equipment Replacement	(317,862)		
Wastewater Capital	(874,599)		
Water Capital	(615,888)		
General Capital Levy - Roads	(200,000)		
General Capital Levy - General Government	(350,000)		
General Capital Levy - Public Works Levy	(4,390,891)		(6,744,842)
Unused Capital Reserve Funding Transferred back to Reserve per CSD 29-2014:			
Fleet Equipment Replacement	(383,345)		
Sewage Operations Capital Works	(4,128,283)		
Water Capital	(2,594,200)		
NRH Owned Units	4,285		
Waste Management	(951,591)		
General Capital Levy	(350,000)		(8,403,134)
General Capital Levy - Debt substitution per CSD 107-2013			332,455
Total Forecasted Capital Reserve Transfers			**$ 91,682,779**

Capital Summary

The Corporate Services department develops the Capital Affordability Strategy, the Capital Financing Strategy and Capital Budget guidelines in co-ordination with department and board input and in alignment with Council objectives and corporate policies. The Corporate Services department is responsible for the following:

- preparing the consolidated capital budget and forecast based on the requests of departments and boards;
- co-ordinating capital initiations, financing, close out approvals and reporting;
- supporting tangible capital asset accounting in accordance with the Capital Asset Management Policy; and
- reporting on the consolidated activity of the capital program.

The capital budget represents priority projects as determined by the departments and boards and approved by Council. Following capital budget approval, projects are initiated based on department requirements and timing to complete projects. Project managers within departments and boards administer the projects and maintain the related tangible capital asset information. Project managers are accountable for monitoring the capital projects within the capital program and taking corrective action, when necessary, including both reporting on significant variances as well as taking part in the capital close out process.

Capital Project Summary

Once a project is initiated, multiple sub-projects may be set-up to manage the overall project. Illustrated below is the $931.6 million budget managed by the Niagara Region, representing 778 sub-projects, total capital spending to date of $388.3 million and budget remaining of $543.3 million. This chart represents (in aggregate), currently active and uninitiated sub-projects managed by the Niagara Region. Capital project detail for 87 sub-projects with remaining budgets greater than $1 million are discussed on subsequent pages.

Departments and Boards	Total Budget	Capital Variance Reserves	Total Budget (Includes Capital Variance Reserves)	Project-to-date Actuals	Budget Remaining	Forecasted Cashflows	
						2014	Beyond 2014
Projects with remaining budgets >$1 million							
Community Services	4,700,000	0	4,700,000	168,307	4,531,693	250,000	4,281,693
Corporate Services	17,340,000	0	17,340,000	446,699	16,893,301	4,082,406	12,810,895
Court Services	16,600,000	0	16,600,000	371,196	16,228,804	1,328,804	14,900,000
Niagara Regional Housing	3,558,572	0	3,558,572	357,771	3,200,801	2,844,944	355,857
Niagara Regional Police Services Board	101,826,000	0	101,826,000	18,534,212	83,291,788	30,377,292	52,914,496
Planning and Development Services	2,000,000	0	2,000,000	0	2,000,000	1,600,000	400,000
Public Health	9,880,873	40,000	9,920,873	1,667,485	8,253,388	3,425,323	4,828,065
Public Works - Levy	173,286,490	116,566	173,403,056	25,209,812	148,193,244	63,672,969	84,520,275
Waste Management	3,950,000	0	3,950,000	136	3,949,864	645,000	3,304,864
Wastewater	99,251,287	2,344,875	101,596,162	5,136,063	96,460,099	27,566,000	68,894,099
Water Works	61,985,007	787,600	62,772,607	21,970,261	40,802,346	9,862,000	30,940,346
	494,378,229	3,289,041	497,667,270	73,861,942	423,805,328	145,654,738	278,150,590
Projects with remaining budgets <$1million	424,164,027	9,767,831	433,931,858	314,435,136	119,496,722	20,911,926	98,584,796
Grand Total	**918,542,256**	**13,056,872**	**931,599,128**	**388,297,078**	**543,302,050**	**166,566,664**	**376,735,386**

Capital Sub-Project Detail

In addition to the capital project summary, a detailed analysis of capital sub-projects with budgets remaining greater than $1 million is presented below. There are a total of 87 sub-projects totaling $497.7 million of approved capital budget. Project spending to date on these sub-projects amounts to $73.9 million, representing 14.8 per cent of the approved capital budget on these sub-projects. Excluding the larger multi-year projects with budgets greater than $20 million, 17.3 per cent of the approved capital budgets have been spent.

Sub-project cashflows have been provided by the accountable project manager, including the estimated year of completion.

Departments and Boards Project Description	Total Budget	Capital Variance Reserves	Total Budget (Includes Capital Variance Reserves)	Project-to-date Actuals	Budget Remaining	Forecasted Cashflows 2014	Forecasted Cashflows Beyond 2014	Est. Year of Completion
Community Services								
Northland Pointe Siding Replacement	4,700,000	0	4,700,000	168,307	4,531,693	250,000	4,281,693	2015
Corporate Services								
Emergency Capital Levy Program	1,000,000	0	1,000,000	0	1,000,000	1,000,000	0	2014
Financial Management System	12,940,000	0	12,940,000	445,629	12,494,371	2,952,406	9,541,965	2017
IT Server Building	3,400,000	0	3,400,000	1,070	3,398,930	130,000	3,268,930	2015
	17,340,000	**0**	**17,340,000**	**446,699**	**16,893,301**	**4,082,406**	**12,810,895**	
Court Services								
Court Facilities Renewal (2 sub-projects)	**16,600,000**	**0**	**16,600,000**	**371,196**	**16,228,804**	**1,328,804**	**14,900,000**	2016
Niagara Regional Housing								
Building Capital	2,098,157	0	2,098,157	75,351	2,022,806	1,812,990	209,816	2015
Units Capital	1,460,415	0	1,460,415	282,420	1,177,995	1,031,954	146,041	2015
	3,558,572	**0**	**3,558,572**	**357,771**	**3,200,801**	**2,844,944**	**355,857**	
Niagara Regional Police Services Board								
Communications Unit Back-up	2,250,000	0	2,250,000	0	2,250,000	0	2,250,000	2016
Long-term Accommodations - HQ/Admin (3 sub-projects)	83,076,000	0	83,076,000	18,049,122	65,026,878	22,584,221	42,442,657	2015
NRPS - IT Continuity Plan	1,500,000	0	1,500,000	213,696	1,286,304	428,768	857,536	2016
Voice Radio System	15,000,000	0	15,000,000	271,394	14,728,606	7,364,303	7,364,303	2015
	101,826,000	**0**	**101,826,000**	**18,534,212**	**83,291,788**	**30,377,292**	**52,914,496**	
Planning and Development Services								
2013 Lakefront Enhancement Strategy Implementation	1,000,000	0	1,000,000	0	1,000,000	1,000,000	0	2014
2014 Lakefront Enhancement Strategy Implementation	1,000,000	0	1,000,000	0	1,000,000	600,000	400,000	2015
	2,000,000	**0**	**2,000,000**	**0**	**2,000,000**	**1,600,000**	**400,000**	

Capital Sub-Project Detail (cont'd)

Departments and Boards Project Description	Total Budget	Capital Variance Reserves	Total Budget (Includes Capital Variance Reserves)	Project-to-date Actuals	Budget Remaining	Forecasted Cashflows 2014	Forecasted Cashflows Beyond 2014	Est. Year of Completion
Public Health								
2013 Ambulance & Equipment Replacement	2,086,979	40,000	2,126,979	690,153	1,436,826	1,436,826	0	2014
2014 Ambulance & Equipment Replacement	2,475,412	0	2,475,412	774,761	1,700,651	0	1,700,651	2015
Construction EMS Bldgs	2,418,482	0	2,418,482	191,068	2,227,414	1,500,000	727,414	2014/15
Public Health Facilities - Niagara Falls	2,900,000	0	2,900,000	11,503	2,888,497	488,497	2,400,000	2016
	9,880,873	**40,000**	**9,920,873**	**1,667,485**	**8,253,388**	**3,425,323**	**4,828,065**	
Public Works - Levy								
Cpcty Imprv-Recon RR 49 (McLeod Rd), Montrose Rd to Stanley Ave, NF	9,875,883	0	9,875,883	39,293	9,836,590	1,000,000	8,836,590	2016
Cpcty Imprv-Recon RR 57 (Thorold Stone Rd) ext east of Stanley Ave	6,360,000	0	6,360,000	662,730	5,697,270	4,000,000	1,697,270	2015
Embankment Stabilization RR 14 (Canboro Rd) at Warner	2,400,000	0	2,400,000	583,541	1,816,459	200,000	1,616,459	2016
Lakeshore Rd, from Geneva St to Bradmon Dr *	5,952,167	0	5,952,167	4,802,167	1,150,000	1,150,000	0	2014
Old Hwy 20, Lookout St to Haist St	4,685,000	0	4,685,000	383,475	4,301,525	3,500,000	801,525	2015
Rds Rehab - Roads Resurfacing Program	5,100,000	0	5,100,000	29,778	5,070,222	3,500,000	1,570,222	2015
Rds Rehab - Roads Resurfacing Program Ph 2	2,288,911	0	2,288,911	1,105,764	1,183,147	1,183,147	0	2014
Rds Rehab-Canborough Rd from Townline to RR20	6,413,434	116,566	6,530,000	388,175	6,141,825	4,800,000	1,341,825	2015
Rds Rehab-Lakeshore Rd (Ph 2) - Lakeport to Lake St	3,200,000	0	3,200,000	0	3,200,000	200,000	3,000,000	2016
Rds Rehab-Lakeshore Rd West - Third St to Seventh St	1,000,000	0	1,000,000	0	1,000,000	150,000	850,000	2017
Rds Rehab-St. Davids Rd operational improve & bike lanes	3,740,000	0	3,740,000	194,626	3,545,374	3,000,000	545,374	2015
Reconst RR102(Stanley Ave), Thorold Stone- Valley Way Ph3	5,214,000	0	5,214,000	259,780	4,954,220	3,000,000	1,954,220	2016
Reconst RR102(Stanley Ave), Whirlpool Rd-Thorold Stone Ph2	4,058,100	0	4,058,100	2,543,128	1,514,972	1,514,972	0	2014
Rehab - Main St, Third St to Henley Ave, Ph 2	3,281,700	0	3,281,700	209,867	3,071,833	2,500,000	571,833	2015
Rehab (Glendale Ave) Jacobsen Ave to Burleigh Hill	1,000,000	0	1,000,000	0	1,000,000	300,000	700,000	2016
Rehab RR 101 (Portage Rd), Mountain Rd - Stanley Ave, Ph2	2,100,000	0	2,100,000	7,741	2,092,259	1,500,000	592,259	2015
Rehab RR 5(Killaly St), King St to Steele St	5,297,295	0	5,297,295	2,085,249	3,212,046	3,000,000	212,046	2014
Rehabilitation RR 18 (Mountain Rd), George St to King St, LN	1,650,000	0	1,650,000	131,003	1,518,997	500,000	1,018,997	2015
Replacement of Burgoyne Bridge (18 sub-projects)	91,350,000	0	91,350,000	10,514,702	80,835,298	23,974,850	56,860,448	2017
Struc Rehab-Main St Bridge (str 027220)	5,600,000	0	5,600,000	1,248,793	4,351,207	4,000,000	351,207	2014
Struc Rehab-OPG Bridges (str 067205/050215 Gibson Lake)	2,700,000	0	2,700,000	0	2,700,000	700,000	2,000,000	2016
	173,286,490	**116,566**	**173,403,056**	**25,209,812**	**148,193,244**	**63,672,969**	**84,520,275**	

* Project budget reported has been reduced to reflect anticipated surpluses.

Capital Sub-Project Detail (cont'd)

Departments and Boards Project Description	Total Budget	Capital Variance Reserves	Total Budget (Includes Capital Variance Reserves)	Project-to-date Actuals	Budget Remaining	Forecasted Cashflows 2014	Forecasted Cashflows Beyond 2014	Est. Year of Completion
Waste Management								
Bridge St - Public Drop Off Depot Improvement	1,245,000	0	1,245,000	0	1,245,000	70,000	1,175,000	2016
Municipal Hazardous and Special Waste facility	1,500,000	0	1,500,000	136	1,499,864	20,000	1,479,864	2015
Recycling Centre - Facility Improvements	1,205,000	0	1,205,000	0	1,205,000	555,000	650,000	2015
	3,950,000	**0**	**3,950,000**	**136**	**3,949,864**	**645,000**	**3,304,864**	
Wastewater								
2013 Sewer Relining Program	1,439,660	0	1,439,660	1	1,439,659	1,340,000	99,659	2014
2014 Sewer Relining Program	1,025,000	0	1,025,000	0	1,025,000	525,000	500,000	2015
Chippawa Sewer Flooding - CSO Tank Construction	2,655,125	2,344,875	5,000,000	942,774	4,057,226	1,500,000	2,557,226	2015
Eastchester Ave Pump Station Upgrade	2,000,000	0	2,000,000	301,269	1,698,731	1,550,000	148,731	2015
Jordan Valley Pump Station Upgrade	1,609,702	0	1,609,702	175,105	1,434,597	1,200,000	234,597	2015
Misc Prgm-Biogas Utilization	1,200,000	0	1,200,000	0	1,200,000	120,000	1,080,000	2015
NOTL WWTP Capacity Expansion	44,781,800	0	44,781,800	1,438,159	43,343,641	3,354,000	39,989,641	2017
Port Weller WWTP - bar screen and alum tank upgrade	2,725,000	0	2,725,000	719,743	2,005,257	1,250,000	755,257	2015
PS Capacity Expansion Prg-Smithville capacity upgrade Ph1	9,640,000	0	9,640,000	36,130	9,603,870	4,556,500	5,047,370	2015
PS Improvement Program - Ontario St SPS	3,000,000	0	3,000,000	0	3,000,000	1,000,000	2,000,000	2015
Pumping Station Improvement Program (Design/Construct)	13,000,000	0	13,000,000	0	13,000,000	5,000,000	8,000,000	2017
Sewer & Forcemain Prg-Park Rd Sewer Repl	5,000,000	0	5,000,000	10,918	4,989,082	2,370,500	2,618,582	2015
Sewer & Forcemain Program	2,000,000	0	2,000,000	0	2,000,000	500,000	1,500,000	2017
South Side Low Lift Pump Station Upgrade	2,500,000	0	2,500,000	156,031	2,343,969	300,000	2,043,969	2017
Stevensville Pump Station Forcemain Replacement	1,675,000	0	1,675,000	97,891	1,577,109	1,400,000	177,109	2014
Welland WWTP Upgrade Program	2,500,000	0	2,500,000	1,210,417	1,289,583	600,000	689,583	2018
WWTP Upgrade Prg-Digester/Sludge Management Prgm	1,000,000	0	1,000,000	0	1,000,000	500,000	500,000	2015
WWTP Upgrade Prg-Port Dalhousie -Laneway Upgrades	1,500,000	0	1,500,000	47,625	1,452,375	500,000	952,375	2015
	99,251,287	**2,344,875**	**101,596,162**	**5,136,063**	**96,460,099**	**27,866,000**	**68,594,099**	
Water Works								
Decew WTP Upgrade based on age/cond *	9,000,000	0	9,000,000	5,864,053	3,135,947	2,418,000	717,947	2014
Edgedale / Eastchester Watermain Replacement	12,351,104	787,600	13,138,704	11,726,787	1,411,917	1,223,000	188,917	2014
Grimsby WTP Brick Replacement *	3,000,000	0	3,000,000	1,585,673	1,414,327	777,000	637,327	2014
Misc Prgm-Port Colborne Storage	5,530,000	0	5,530,000	26,000	5,504,000	0	5,504,000	2016
Water Treatment Plant Upgrade Program - Welland Upgrade *	24,500,000	0	24,500,000	0	24,500,000	4,000,000	20,500,000	2017
Welland WTP Upgrade (Revised)	2,105,903	0	2,105,903	1,082,389	1,023,514	154,000	869,514	2016
WM Prgm-Watermain replacement on Collier Rd *	2,998,000	0	2,998,000	1,685,359	1,312,641	1,290,000	22,641	2014
WTP Upgrade Prgm-Roof Replacement water facilities	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	2016
	61,985,007	**787,600**	**62,772,607**	**21,970,261**	**40,802,346**	**9,862,000**	**30,940,346**	
Total Projects with remaining budgets >$1 million	**494,378,229**	**3,289,041**	**497,667,270**	**73,861,942**	**423,805,328**	**145,654,738**	**278,150,590**	

* Project budget reported has been reduced to reflect anticipated surpluses.

Capital Project Negative Budget Variances

The Capital Asset Management Policy requires capital projects to be monitored to identify projects for which a funding deficit has occurred and provides guidelines for addressing those deficits. Criteria used to identify significant variances are those greater than $5,000 and five per cent over total budget at a parent project level (based on active remaining sub-projects). The policy also requires that projects be put on hold where they have been reported two times consecutively until such time as a funding source has been identified.

Project Description	Total Budget (Includes Capital Variance Reserves)	Project-to-Date Actuals	Variance	
			$	%
General Government				
ZGG1002 - Niagara District Airport	$ 11,735,357	$ 12,192,353	$ (456,996)	3.89%
Explanation: The Niagara District Airport project, funded through the Infrastructure Stimulus Fund (ISF) has completed construction however the project remains open due to deficiencies. The majority of these deficiencies have been rectified however there remains a performance issue related to the asphaltic concrete pavement on the apron. Additional costs are possible yet unknown at this time as they are dependent on the outcome of the deficiencies and legal action.				
Transportation				
ZRC0236 - Reconstruction RR 81 (St Paul St), Ninth St to Seventh St	$ 7,730,978	$ 8,730,074	$ (999,096)	12.92%
Explanation: As outlined by memo to Public Works Committee (PWC 50-2013), cost overruns are due to design changes to the structural retaining walls and additional contaminated materials to be disposed of off-site. The most recent forecasted cost overrun for the project completion is in the range of $1.5M. The project is substantially complete however some work is still outstanding within the terms of the contract therefore the project remains active. Negotiations are ongoing between staff and the design consultant to recover a portion of the project shortfall however the majority of the negative variance is expected to be included in the 2015 Capital Budget deliberation.				
ZRC1214 - Annual-Engineering for future projects	$ 200,000	$ 214,928	$ (14,928)	7.46%
Explanation: This program assists with the commencement of engineering for future projects as determined by need and as requested (eg. environmental studies). The variance is the result of additional work outside the original scope of the project being performed on the Bender St/Falls Ave/Roberts Rd Class Environmental Assessment.				
Water Works				
ZCW1001 - Grimsby WTP Channel Remediation	$ 325,000	$ 349,798	$ (24,798)	7.63%
Explanation: This project was for Channel Remediation and Process Waste Dechlorination at the Grimsby water treatment plant. There is a unfavourable variance for the dechlorination portion of the project due to higher than anticipated costs for this portion of the project, however the channel remediation project was completed and closed with a $415,891 favourable variance.				
Niagara Regional Housing (NRH)				
ZRH1206 - Community Remediation (COM33-2010) (Broadoak Phase 2)	$ 6,182,469	$ 6,567,193	$ (384,724)	6.22%
Explanation: As part of the 2013 Year-end Transfer Report, the NRH Board recommended (approved per CSD 11-2014) that $482,517 be transferred to the General Capital Levy Reserve for the Broadoak development project in the event that energy rebates still pending are not approved. As of June 30, Levy Reserve funds have not been transferred to Broadoak as the status of the rebates is still outstanding (NRH continues to pursue rebates).				
Total Niagara Region	$ 26,173,804	$ 28,054,346	$ (1,880,542)	7.18%

Budget Adjustment Summary

Throughout the year, budget adjustments are made to reflect revised external funding for programs and to reallocate costs between departments or accounts due to operational changes. The primary drivers of the external funding adjustments are Ministry funded programs as they set their budgets following Regional budget approval. However, the Ministries want to see these dollars reflected in the Region's budget. For this reason, adjusting the gross budget throughout the year has been a long standing practice of the Niagara Region. Adjusting the gross budget has no impact on the levy as both external revenue and expenses are increased equally to reflect program requirements. The net budget, impacting levy and rate, is not adjusted. Below is a summary of gross budget adjustments that have been processed to date. Reallocations of costs within departments or categories are not summarized below. The adjusted budget is presented throughout this reporting book.

Original Budget Revenue & Expenditures		**$ 829,648,250**

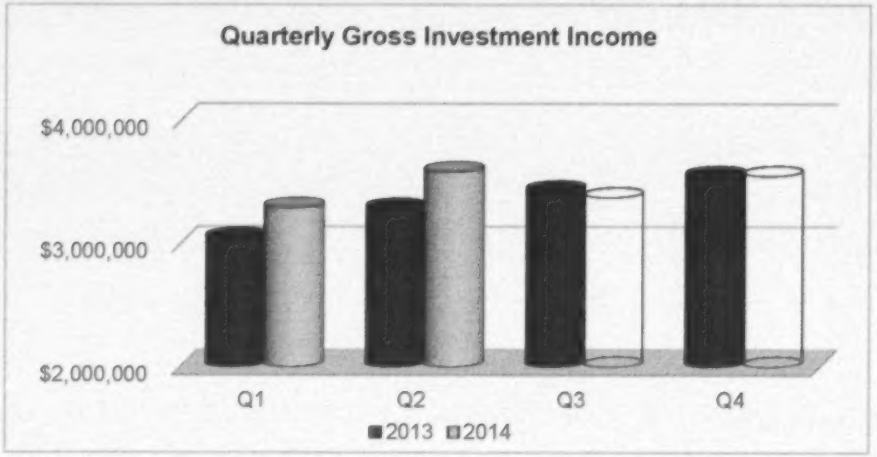
Budget Adjustments (Adjustments to the original gross revenue & expenditure budget).

Department	Amount		Details
Public Health	165,548		To adjust Mental Health budget due to the additional funding for Early Psychosis Intervention Expansion and Elimination of the Paymaster Agreement for Homelessness consortium.
Public Works	(493,771)		To realign Provincial Gas Tax funding that is recorded directly into reserves as opposed to going through operating.
General Government	134,551		To adjust budgeted expenditures to offset known increase in supplemental tax revenue.
Planning & Development	(100,000)		To reduce budgeted expenditures to offset known reduction to miscellaneous revenue budget.
Emergency Services	(12,565)		To reduce budget as Emergency Services is not providing CPR/First Aid training for the Region in 2014 and future years.
Emergency Services	(136,479)	**(442,716)**	To reduce the land ambulance grant budget down to expected actual 2014 grant (as per Ministry of Health and Long-term Care funding letter HLTC3967FL-2014-34).
December 31, 2014 Adjusted Budget		**$ 829,205,534**	

Investment Report

Institution	Aggregate Amount of Investment by Institution	Percentage Holdings by Security excluding Cash Balance
Investments		
Region of Niagara	27,489,376	6.8%
Federal	14,665,781	3.7%
Provincial	137,062,187	34.1%
Municipal	63,219,270	15.7%
Corporate	159,197,300	39.6%
TOTAL excluding Cash	401,633,914	100.0%
Cash (General Checking) *	42,090,345	
Cash (Savings)	70,882,434	
Cash (Sinking Fund)	93,602	
TOTAL including Cash	514,700,294	

Note: Cash balances shown are the amounts held by the financial institution at the end of the quarter and do not include adjustments for outstanding payments or deposits.



Funds	Book Value	Weight Q2
Cash	112,972,779	21.9%
Cash Equivalents < 1 Year	83,850,017	16.3%
2 Year	87,841,144	17.1%
3 Year	50,088,271	9.7%
4 Year	32,367,915	6.3%
5+ Year	141,232,615	27.4%
Sinking Fund (Incl. Cash)	6,347,553	1.2%
Total Portfolio	514,700,294	100%

	Q1	Q2	Q3	Q4	Total
2014 Budget	2,795,632	3,173,275	3,379,467	3,926,746	13,275,120
2014 Actual	3,777,292	3,587,176	3,379,467	3,926,746	14,670,681
Variance	981,660	413,901	0	0	1,395,561

Note: Net amounts are after interest allocation to reserves and recommended transfer to/from investment income stabilization reserve. Shaded amounts represent forecast.

Investment Update

Investment earnings on the portfolio for the second quarter of 2014 amounted to $3,587,176. Segmented earnings were $3,167,433 on investments and $419,743 on the cash balance. The second quarter annualized yield on the investment and cash portfolio was 2.77 per cent vs. 2.75 per cent in Q4 2013. At June 30, 2014, the portfolio had unrealized market gains (market value vs. book value including accrued interest) of $6,123,116. Total gross investment income for 2014 to date is favourable when compared to the budget by $1,395,561.

List of Investments Outstanding as of June 30, 2014

Institution	Aggregate Amount of Investment by Institution	Percentage Holdings by Security excluding Cash Balance	Percentage Policy Limits
Region of Niagara			
Debentures	**27,469,376**	**6.8%**	**100%**
Federal			
CMHC	4,302,830	1.1%	100%
Export Development Canada	10,362,951	2.6%	100%
Federal Total	**$14,665,781**	**3.7%**	**100%**
Provincial			
Province of Ontario	56,996,144	14.2%	25%
Province of Quebec	18,465,859	4.6%	25%
Province of Alberta	10,193,567	2.5%	25%
Province of B.C.	2,872,046	0.7%	25%
Province of Manitoba	10,214,105	2.5%	25%
Province of Newfoundland	4,437,851	1.1%	25%
Province of New Brunswick	2,466,091	0.6%	25%
Ontario Hydro	16,751,018	4.2%	25%
Quebec Hydro	14,665,486	3.7%	25%
Provincial Total	**$137,062,187**	**34.1%**	**75%**
Municipal			
City of Guelph	905,313	0.2%	5%
City of London	1,998,506	0.5%	5%
City of Montreal	5,186,024	1.3%	5%
City of Ottawa	383,400	0.1%	5%
City of Saskatoon	3,330,717	0.8%	5%
City of Toronto	18,156,957	4.5%	5%
District of Muskoka	175,286	0.0%	5%

Institution	Aggregate Amount of Investment by Institution	Percentage Holdings by Security excluding Cash Balance	Percentage Policy Limits
Municipal Continued			
Municipal Finance Authority of BC	11,180,148	2.8%	5%
New Brunswick Municipal Finance Authority	6,370,922	1.6%	5%
Region of Durham	306,704	0.1%	5%
Region of Halton	2,811,602	0.7%	5%
Region of Peel	541,003	0.1%	5%
Region of Waterloo	4,840,139	1.2%	5%
Region of York	3,423,499	0.9%	5%
York Region District School Board	3,539,049	0.9%	5%
Municipal Total	**63,219,270**	**15.7%**	**25%**
Corporate			
Bank of Montreal	10,678,370	2.7%	15%
National Bank of Canada	31,200,000	7.8%	15%
Royal Bank	50,221,677	12.5%	15%
CIBC	19,577,960	4.9%	15%
CHIP Mortgage Trust	2,371,293	0.6%	15%
Bank of Nova Scotia	36,258,000	9.0%	15%
HSBC Bank of Canada	3,390,000	0.8%	15%
Vancity Credit Union	5,500,000	1.4%	15%
Corporate Total	**159,197,300**	**39.6%**	**50%**
TOTAL excluding Cash	**$401,633,914**	**100%**	**100%**
Cash and Cashable GIC's	**$113,066,381**		
TOTAL including Cash	**$514,700,294**		

Accounts Receivable Aging Report

The accounts receivable aging report reflects all unpaid accounts greater than 120 days and greater than $25,000.

Customer	Over 120	Explanation of Account	Recommendation
Greenway Industries Corporation	55,910 *	A proposal to creditors was filed by company in July 2013 with an accounts receivable account balance of $90,007 USD. In March 2014 Niagara Region received 1st dividend payment of $37,608 USD. In July 2014 a final dividend payment of $35,943 USD was received. No further payments are expected. Balance will be written off at year-end.	Include in Year-end Write-off Report
DMX Plastics Ltd	66,085	Accounts Receivable over 120 was $94,406. Company set up a payment plan with the Niagara Region of $9,441 to be paid monthly. Currently receiving monthly payments. Next scheduled payment is for the end of July.	Collection to continue
City of Niagara Falls	3,170,375	Three of the 2013 quarterly billings for the Casino contract of $1,056,792 each. Payment pending completion of contract negotiations with NRPS.	Collection to continue
Casino Niagara	347,745	2011 short payment of $125,684 and 2012 short payment of $222,061 relating to the Casino/NRPS contract. Requested for write-off at 2013 year-end. Write-off request was denied.	Include in Year-end Write-off Report
Ontario Police College	29,762	As of January 2014 invoice was overlooked by the customer and Niagara Region Accounts Receivable are working with the customer on payment.	Collection to continue
Senior Resident	43,684	In 2014 Public Guardian and Trustee took over the file. Niagara Region's legal department is involved and a statement of claim has been issued. Collection efforts have not yet been exhausted.	Collection to continue
Senior Resident	34,872	In 2011 the financial Power of Attorney passed away before the resident and no one was looking after the finances. In 2014, Public Guardian and Trustee finally took over and has notified us that the estate was insolvent.	Include in Year-end Write-off Report
Merritton Mills Redevelopment Corp	1,063,900	2007 Landfill tipping fees. A 2011 report illustrated the 4 payments to be made to the Niagara Region. Niagara Region is working with the City of St. Catharines on a process to collect these fees through the Tax increment Based Grant program (344 Glendale and 271 Merritt Street).	Collection to continue
Keefer Developments	108,287	Landfill disposal fees from 2002, 2003, 2004 & 2005 waived pending TIFF agreement between developer and City of Thorold. Niagara Region is holding discussions with the City of Thorold and the Developer on an agreement to recover these fees.	Collection to continue
Total	**4,920,620**		

* Receivable balance of $52,399 USD coverted at the Canadian exchange rate of 1.067 at June 30, 2014.

Explanation of Statement of Operations

The statements of operations provided in the preceding pages summarize the Niagara Region's financial operating activity as of December 31, 2013. These statements have been compiled by Corporate Services and the departments have validated the information and provided commentary.

These statements present the net funding position of Niagara Region's operating budget and do not include Private Sector Accounting (PSA) adjustments for amortization, employee future benefits and landfill liability. Approved and/or expected unbudgeted transfers to/from reserves can offset other variances and impact net surplus/deficit reported by departments. These statements do not include capital activity.

Definitions are provided below to support the report.

Report Columns

Annual Budget - represents the annual budget approved by council in December 2012 with budget adjustments as explained on page 52.

Actual - represents actual costs incurred and revenues earned from January to December. Departments have accrued for goods or services received but not yet paid for and revenues earned but not yet received.

Annual Budget vs Actual Variance - represents the difference between the annual budget and actual. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Report Rows

EXPENDITURES

Personnel Costs - includes all salaries, benefits and personnel related allowances (meals, clothing, training, etc).

Administrative Expenses - includes some allowances (car, mileage, etc.), memberships, training and related expenses and other miscellaneous expenses.

Materials, Supplies and Utilities - includes costs for; chemical, medical and office supplies, small equipment, waste management supplies, and all utilities.

Repairs & Maintenance - includes all costs to repair or maintain equipment, property and vehicles.

Purchased Services and Other Operating Expenses - includes costs for audit, advertising, consulting, insurance, leases, contracted services, Court Services expenses and other expenses.

Explanation of Statement of Operations (continued)

Social Assistance - costs include all Ontario Works allowances and benefits program costs.

Financial Expenditures - includes all interest charges, principal debt payments, tax write-offs, and bad debt expense. The debt related charges included in this section are allocated to departments though the chargeback/recovery process.

Capital Equipment and Renovation - costs include all capital expenditures processed through the operating statement.

Niagara Regional Housing (NRH) Provider Subsidy and Supplements - includes all rent supplements and the use of all housing related subsidies.

Transfer to Reserves - includes all transfers of funds in the current year from the operating program to a reserve. At a corporate level the net of the transfers to reserves and the transfers from reserves represents our total contribution to reserves or draw on reserves in the year.

Allocations Between Departments – includes all direct rate-based costs that are allocated to the beneficial recipient by the department providing the service or goods and calculated based on a pre-established rate. The pre-established rate is intended to recover the costs incurred by the service provider (time and material).

Allocations Within Departments – includes all costs for shared services that are allocated between divisions internal to their department.

Allocations to Capital Program – includes all eligible costs recorded and managed in the operating program allocated to the capital program.

Indirect Allocation – includes all costs that are not directly traceable to a specific program or department (i.e. HR, finance, legal, IT, properties, print shop and communications). Indirect costs are common resources shared by several programs and services that require an allocation to determine full cost of the program or service.

Debt Allocation – includes allocations of all debt charges incurred to programs and services based on projects the debt is issued to fund.

Explanation of Statement of Operations (continued)

REVENUES

Taxation – Levy - includes all revenues received from area municipalities including payment-in-lieu and supplemental. It also includes power dams revenue.

Taxation – Rate - includes all funds received to support waste management, water and wastewater operations.

Ontario/Canada Grants - includes all funds received from the provincial and federal governments.

Fees and Services Charges - includes shared services revenue (without shared services agreement), licenses, permits and approvals, and fees and service charges on the User Fee By-Law such as child care fees, health fees, police fees (i.e. accident reports, etc), seniors homes fees (i.e. long term care accommodations fees), road fees and other miscellaneous fees (i.e. zoning).

Other Revenue - includes shared services revenue (with shared services agreement), investment income, Court Services revenue, recycling revenue, NRH revenue and other revenue.

Transfers from Reserves - includes all transfers of funds in the current year to the operating program from a reserve. At a corporate level the net of the transfers from reserves and the transfers to reserves represents our total contribution to reserves or draw on reserves in the year.

Quarterly Financial Update

Niagara Region

Niagara Region Printing Services – August 28, 2014